



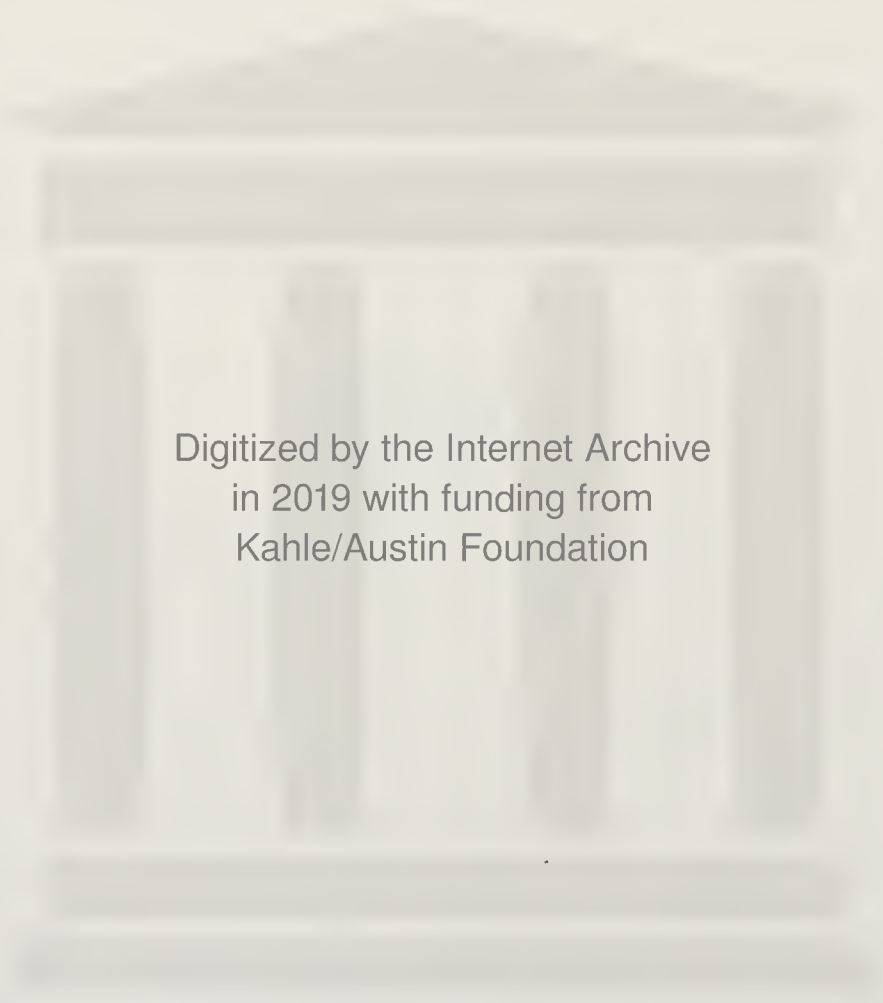
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# Foreign Relations of the United States 1949

Volume V

Eastern Europe;  
The Soviet Union



United States  
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## PREFACE

This volume was prepared in the Historical Office under the direct supervision of the late S. Everett Gleason and of Fredrick Aandahl, who succeeded him as Editor of *Foreign Relations* in 1972.

William Z. Slany prepared all sections of the volume except those on relations with the Union of Soviet Socialist Republics, which were prepared by Rogers P. Churchill.

The editors acknowledge with appreciation the assistance provided them by the historians of the Department of Defense, including the Joint Chiefs of Staff. They are also grateful for the cooperation of the National Security Council, the Department of Defense, the Department of Commerce, and the Central Intelligence Agency, all of which concurred in the declassification of various papers for release herein.

The technical editing of this volume was done by Helen V. Gilbert of the Publishing and Reproduction Division, headed by Willard M. McLaughlin. The index was prepared by Francis C. Prescott.

FREDRICK AANDAHL

*Acting Director, Historical Office  
Bureau of Public Affairs*

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### PRINCIPLES FOR THE COMPILATION AND EDITING OF "FOREIGN RELATIONS"

The principles which guide the compilation and editing of *Foreign Relations* are stated in Department of State Regulation 2 FAM 1350 of June 15, 1961, a revision of the order approved on March 26, 1925, by Mr. Frank B. Kellogg, then Secretary of State. The text of the regulation, as further amended, is printed below:

1350 DOCUMENTARY RECORD OF AMERICAN DIPLOMACY

1351 *Scope of Documentation*

The publication *Foreign Relations of the United States* constitutes the official record of the foreign policy of the United States. These volumes include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions within the range of the Department of State's responsibilities, together with appropriate materials concerning the facts which contributed to the formulation of policies. When further material is needed to supplement the documentation in the Department's

files for a proper understanding of the relevant policies of the United States, such papers should be obtained from other Government agencies.

### 1352 *Editorial Preparation*

The basic documentary diplomatic record to be printed in *Foreign Relations of the United States* is edited by the Historical Office, Bureau of Public Affairs of the Department of State. The editing of the record is guided by the principles of historical objectivity. There may be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing may be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons:

- a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
- b. To condense the record and avoid repetition of needless details.
- c. To preserve the confidence reposed in the Department by individuals and by foreign governments.
- d. To avoid giving needless offense to other nationalities or individuals.
- e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this consideration there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternatives presented to the Department before the decision was made.

### 1353 *Clearance*

To obtain appropriate clearances of material to be published in *Foreign Relations of the United States*, the Historical Office:

- a. Refers to the appropriate policy offices of the Department and of other agencies of the Government such papers as appear to require policy clearance.
- b. Refers to the appropriate foreign governments requests for permission to print as part of the diplomatic correspondence of the United States those previously unpublished documents which were originated by the foreign governments.



# Foreign Relations of the United States, 1949, Volume V

## ERRATA

On page 249, replace line one with the following:

It would be appreciated if the Government of the Union of Soviet

On page 304, in document dated May 17, 1949, replace the italicized word  
"Convention," with:

*Conversation,*



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## LIST OF ABBREVIATIONS AND SYMBOLS

EDITOR'S NOTE.—This list does not include standard abbreviations in common usage; unusual abbreviations of rare occurrence which are clarified at appropriate points; and those abbreviations and contractions which, although uncommon, are understandable from the context.

- ACR**, Advisory Committee on Requirements  
**AEC**, Atomic Energy Commission  
**AFL**, American Federation of Labor  
**AG**, shallow water craft river tug (Auxiliaries, Miscellaneous)  
**AID**, Agency for International Development  
**AM**, mine sweeper  
**Amb**, Ambassador  
**AMG**, Allied Military Government  
**AmLeg**, American Legation  
**AMVat**, American Mission at the Vatican  
**AP**, Associated Press  
**ARA**, Office of American Republics Affairs (after October 3, 1949, Bureau of Inter-American Affairs), Department of State  
**BBC**, British Broadcasting Corporation  
**BCP**, Bulgarian Communist Party  
**BOT**, Board of Trade (United Kingdom)  
**BPT**, patrol craft (torpedo boat)  
**BritMin**, British Minister  
**C**, Counselor of the Department of State  
**CAD**, Civil Affairs Division, General Staff, U.S. Army  
**CC**, Central Committee  
**CEMA**, Council for Mutual Economic Assistance  
**CFM**, Council of Foreign Ministers  
**CG**, Consul General  
**CGIL**, *Confederazione Generale Italiana del Lavoro* (General Confederation of Labor in Italy)  
**CGT**, *Confédération Générale du Travail* (General Confederation of Labor in France)  
**CIA**, Central Intelligence Agency  
**CIO**, Congress of Industrial Organizations  
**circ agams**, circular airgrams  
**cirgram**, circular airgram  
**cirins and cirinstr**, circular instruction  
**cits**, citizens  
**CM**, Career Minister  
**CMEA**, see CEMA  
**Combai**, series indicator for telegrams from the United States Representatives to the United Nations Special Committee on the Balkans  
**Cominform**, Communist Information Bureau  
**Comparty**, Communist Party  
**CP**, Communist Party  
**CPSU**, Communist Party of the Soviet Union  
**CPY**, Communist Party of Yugoslavia  
**CSA**, Czechoslovak State Airlines  
**Delau**, series indicator for telegrams from the United States Delegate for Austria at the Council of Foreign Ministers  
**DeIECOSOC**, Delegation to the Economic and Social Council of the United Nations  
**Delga**, series indicator for telegrams from the United States Mission at the United Nations  
**Depcira, Depciragam, Depcirgram, and Depcirgram**, Department of State circular airgram  
**Depcirins and Depcirinst**, Department of State circular instruction  
**Depcirtel**, Department of State circular telegram  
**Depins**, Department instruction  
**Dept**, Department (usually the Department of State)

- Deptel**, Department of State telegram  
**dipl**, diplomatic  
**DP(s)**, displaced person(s)  
**E**, Office of the Assistant Secretary of State for Economic Affairs  
**ECA**, Economic Cooperation Administration  
**Ecato**, series indicator for telegrams from the Economic Cooperation Administration in Washington to its missions abroad  
**ECE**, Economic Commission for Europe  
**Econ**, series indicator for telegrams to the United States Delegation at the Economic Commission for Europe  
**ECOSOC**, Economic and Social Council of the United Nations  
**EE**, Division (after October 3, 1949, Office) of Eastern European Affairs, Department of State  
**Emb**, Embassy  
**Embdes** and **Embdesp**, Embassy despatch  
**Embtel**, Embassy telegram  
**EP**, Division of Economic Property Policy, Department of State  
**ERP**, European Recovery Program  
**EUR**, Office (after October 3, 1949, Bureau) of European Affairs, Department of State  
**EW**, E-W, East-West  
**ExIm Bank (Eximbank)**, Export-Import Bank of Washington  
**FACC**, Foreign Assistance Correlation Committee  
**FBI**, Federal Bureau of Investigation  
**FE**, Office (after October 3, 1949, Bureau) of Far Eastern Affairs, Department of State  
**FMA**, Foreign Military Assistance  
**FonMin**, Foreign Minister  
**FonOff**, Foreign Office  
**FSA**, Foreign Service Alien  
**FSO**, Foreign Service Officer  
**FSS**, Foreign Service Staff  
**FYI**, for your information  
**G**, Assistant Secretary of State for United Nations Affairs  
**G-2**, Intelligence section of the general staff of a large unit  
**GA**, General Assembly of the United Nations  
**GATT**, General Agreement on Tariffs and Trade  
**GNA**, Greek National Army  
**Gosplan**, Soviet State Planning Commission  
**GRU**, Graves Registration Unit  
**GTI**, Division (after October 3, 1949, Office) of Greek, Turkish and Iranian Affairs, Department of State  
**HICOG**, United States High Commissioner for Germany  
**HMG**, His Majesty's Government (United Kingdom)  
**IBD**, Division of International Broadcasting, Department of State  
**IBRD**, International Bank for Reconstruction and Development  
**ICAO**, International Civil Aviation Organization  
**ICFTU**, International Confederation of Free Trade Unions  
**ICJ**, International Court of Justice  
**ILS**, Division of International Labor and Social Affairs, Department of State  
**IMP**, Division of International Motion Pictures, Department of State  
**infotel**, information telegram  
**INP**, Division of International Press and Publications, Department of State  
**IR**, International Resources Division, Department of State  
**INS**, International News Service  
**instrs**, instructions  
**Intel**, circular information telegram  
**IRO**, International Refugee Organization  
**ITO**, International Trade Organization  
**ITP**, Office of International Trade Policy, Department of State  
**JCS**, Joint Chiefs of Staff  
**JDC**, Joint Distribution Committee  
**L/E**, Office of the Legal Adviser (Economic Affairs), Department of State  
**L/P**, Office of the Legal Adviser (Political Affairs), Department of State  
**LCI(L)**, landing craft, infantry (large)



- LCM**, landing craft, mechanized  
**LCM(3)**, landing craft, medium, or mechanized  
**LCS**, landing craft, support  
**LCT**, landing craft, tank  
**LCVP**, landing craft, vehicle and personnel  
**Leg**, Legation  
**Legtel**, Legation telegram  
**LOT**, Polish State Air Service  
**MA**, Military Attaché  
**MAP**, Military Assistance Program  
**MCA**, Ministry of Civil Aviation  
**ME**, Middle East  
**MFA**, Ministry of Foreign Affairs  
**MFN**, most-favored-nation  
**MGB**, Ministry of State Security of the Soviet Union  
**Min(s)**, Minister(s)  
**ML**, motor launch  
**MOS**, British Ministry of Supply  
**MP**, Marshall Plan  
**MPO**, Military Permit Office (US-UK-France)  
**MVD**, Ministry for Internal Affairs of the Soviet Union  
**mytel**, my telegram  
**NA**, Division (after October 3, 1949, Office) of Northeast Asian Affairs, Department of State  
**NAC**, National Advisory Council on International Monetary and Financial Problems  
**NAP**, North Atlantic Pact  
**NAT**, North Atlantic Treaty  
**NATO**, North Atlantic Treaty Organization  
**NEA**, Office of Near Eastern and African Affairs (after October 3, 1949, Bureau of Near Eastern, South Asian and African Affairs), Department of State  
**niact**, night action, communications indicator requiring attention by the recipient at any hour of the day or night  
**NME**, National Military Establishment  
**Noce**, series indicator for telegrams from the United States Delegation at the Economic Commission for Europe  
**NOE**, Division of Northern European Affairs, Department of State  
**NSC**, National Security Council  
**NSRB**, National Security Resources Board  
**NVV**, Netherlands Federation of Labor  
**OAS**, Organization of American States  
**OEEC**, Organization for European Economic Cooperation  
**OFD**, Office of Financial and Development Policy, Department of State  
**OGIZ**, Association of State Publishing Houses of the Soviet Union  
**OII**, Office of International Information, Department of State  
**OIR**, Office of Intelligence Research, Department of State  
**OIT**, Office of International Trade, Department of Commerce  
**OMGUS**, Office of Military Government for Germany (United States)  
**OSR**, Office of the Special Representative in Europe for the Economic Cooperation Administration  
**ourtel**, our telegram  
**OVIR**, Bureau of Visas and Registration of Foreigners, in the Ministry for Internal Affairs of the Soviet Union  
**P**, Assistant Secretary of State for Public Affairs  
**PAA**, and **PanAm**, Pan American Airways  
**paras**, paragraphs  
**POW(s)**, prisoner(s) of war  
**PPS**, Policy Planning Staff, Department of State  
**PR**, Protocol Staff, Department of State  
**PriMin**, Prime Minister  
**PT**, motor torpedo boat  
**PTC**, submarine chaser, motor boats (patrol boats)  
**RCA**, Radio Corporation of America  
**reDeptel** (refDeptel), regarding (reference) Department telegram  
**reftel**, reference telegram  
**reLegtel** (refLegtel), regarding (reference) Legation telegram  
**reps**, representatives

- Repto**, series indicator for messages from the Special Representative in Europe for the Economic Cooperation Administration
- reur**, regarding your
- RIAS**, United States Radio in the American Sector of Berlin
- RPC**, submarine chaser, small
- S/P**, Policy Planning Staff, Department of State
- S/S-PR**, Protocol Staff, Department of State
- SC**, Security Council of the United Nations
- SC**, submarine chaser (110')
- Sec**, Secretary of State
- SE**, Division of Southeast European Affairs, Department of State
- Secdel**, series indicator for telegrams to the United States Delegation to the Council of Foreign Ministers, at times headed by the Secretary of State
- SMA**, **SMAG**, Soviet Military Administration (Germany)
- Sov**, Soviet
- Sov Del**, Soviet Delegation, Delegate
- Sovreps**, Soviet representatives
- Soyuzpechat**, Administration for the Distribution of Printed Matter (in the Soviet Union)
- SYG**, Secretary-General
- TASS**, Telegraph Agency of the Soviet Union
- TC**, Division of Language Services, Department of State
- Toeca**, series indicator for telegrams to the Economic Cooperation Administration in Washington from its missions abroad
- Topsec**, top secret
- Torep**, series indicator for messages to the Special Representative in Europe for the Economic Cooperation Administration
- TRC/S**, Office of Transport and Communications, Shipping (after October 3, 1949, Office of Transport and Communications Policy, Shipping), Department of State
- TUC**, Trades Union Congress (British)
- TWA**, Trans World Airlines
- U**, Under Secretary of State
- UM**, Under Secretary's Meeting
- UNA**, Office (after October 3, 1949, Bureau) of United Nations Affairs, Department of State
- UNCOK**, United Nations Commission on Korea
- UNE**, Division (after October 3, 1949, Office) of United Nations Economic and Social Affairs, Department of State
- UNESCO**, United Nations Educational, Scientific and Cultural Organization
- UNGA**, United Nations General Assembly
- UNI**, International Administration Staff, Department of State
- UNICEF**, United Nations International Children's Emergency Fund
- UNO**, United Nations Organization
- UNRRA**, United Nations Relief and Rehabilitation Administration
- UNSC**, United Nations Security Council
- UNSCOB**, United Nations Special Committee on the Balkans
- UnSecy**, Under Secretary
- UP**, United Press
- ur**, your
- urtel**, your telegram
- USDA**, United States Department of Agriculture
- USDel**, United States Delegation, Delegate
- USIA**, United States Information Agency
- USIE**, United States Information and Educational Exchange Program
- USIS**, United States Information Service
- USPW's**, United States prisoners of war
- USUN**, United States Mission at the United Nations
- VE Day**, the day of Allied victory in Europe, May 8, 1945
- VOA**, **VOUSA**, Voice of America
- WFTU**, World Federation of Trade Unions
- WP**, working party
- YMS**, motor minesweeper
- YR**, floating workshop (repair barge)
- Zecho**, Czechoslovakia

## GENERAL POLICIES AND PROBLEMS IN THE RELATIONS OF THE UNITED STATES WITH EASTERN EUROPE

861.50/1-2749 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, January 27, 1949—7 p. m.

212. Re Depcirtel December 3, 1948<sup>1</sup> and Embtel 179, January 25.<sup>2</sup> In our view, Kremlin's program with regard satellites was probably elaborated at Sochi last summer<sup>3</sup> and is designed to remake them as rapidly as possible (without over-incorporation) on exact pattern Soviet republics already within Union. This involves complete reconstruction and reorientation their political, economic, military, social and ideological life and institutions until they are for all practical purposes active parts of Soviet Union directed from Moscow like other nominal components, with actual incorporation only technical formality to accomplish at eventual appropriate time. For time being, speed this reorganization depends to some extent on foreign policy considerations, especially in economic field, but even in latter respect has already gone so far problems and relationships must be largely viewed and evaluated in terms usually applied domestic or intranational rather than international economics. (For example an "international loan" to Poland or Czechoslovakia is in effect either a capital investment, if for development production; or an internal allocation of funds for special purpose, as procurement of materials or equipment outside orbits.)

Thus we think it erroneous to consider Council Eastern Economic Mutual Aid (CEEMA) as a bona fide international economic agency, a "Molotov Plan" answering the "Marshall Plan". It has doubtless been so portrayed deliberately, with emphasis on trade discrimination of west in order make east appear injured party on defensive, mislead public as to what actually goes on in east and make it forget who is responsible for economic and political division Europe. It will also

<sup>1</sup> Not printed.

<sup>2</sup> Not printed; it reported upon the communiqué issued in Moscow on January 25 regarding the establishment of the Council of Mutual Economic Aid (see *infra*).

<sup>3</sup> Telegram 2649, November 15, 1948, from Moscow (*Foreign Relations*, 1948, vol. iv, p. 933), speculated that meetings and rumors of meetings between Soviet and satellite leaders at Sochi in the Caucasus were related to planning for future closer economic cooperation between the USSR and the eastern European satellites.



serve to exercise some pull on Finland, possibly even Sweden and post treaty Austria. Omission Albania probably calculated in order provide convenient "first customer" and emphasis on "technical assistance" feature provides answer to President's inaugural message. Within Soviet orbit CEEMA provides one further binding tie, helping prevent recurrence Tito defections. However, insofar as it is effective operating organ, it will serve only as instrument to facilitate implementation major policies on economic organization and integration reached at Soviet Politburo level and transmitted through Communist Party apparatus.

In Embassy's opinion Soviet politico-economic policy vis-à-vis satellites conducted over three postwar years has attained majority its phase one aims, i.e. achieved absolute control over political leaders and parties, severed basic ties these countries with western world, destroyed *bourgeoisie* and landowners by nationalization and land reform and effected reduction of living standards to conform those prevailing USSR, avoiding to maximum possible, onus attaching to direct association these states during reduced consumption phase.

With Soviet effectuation wholesale price reform January 1, USSR's economic structure and price cost relationships now reestablished on more rational lines and we expect Moscow will move swiftly and ruthlessly to phase two—in direction tightening yoke eastern bloc and speedy attainment reorganization these systems in manner providing most rational contribution this area to Soviet long-range military potential. Plans for this were doubtless made at Sochi and have been developed in detail during protracted Moscow visits satellite finance and trade delegations. While deference to certain propaganda values and necessary political fence reinforcements may occasion some delays carrying out accelerated timetable in phase two, Embassy doubts that any such bourgeois concepts as "economic complementarity", unbalanced "debtor-creditor relationships" or other considerations with meaning for economic systems orientated toward ultimate consumption ends will figure seriously in calculations of men whose ideas of economic assets encompass simple and basic elements, material, territorial and human, which will contribute to ultimate end—creation military potential equalling or surpassing that of west.

Embassy doubts that Soviet fixation on task creation world's firmest currency, so far manifested in only its most harmless form, i.e. conversion dollar into ruble values, has in this initial stage even begun to salve Soviet sensitivity on question of preeminence of dollar in international arena. We rate highly Soviet ability utilize monetary and financial weapons, which within tightly-controlled system, pose far less formidable problems and provide vastly superior levers of control than available or common to experience of western world. We thus

inclined regard monetary implements as probable Soviet first choice for effecting further penetration and control necessary in phase two, but primarily to stimulate realignment and readjustment of economic interrelationships and investment policy these countries towards Soviet ends. As to form financial arrangements most suitable these Soviet purposes among those projected in OIR's excellent treatment this question (4800, January 2, 1949<sup>4</sup>) we favor "ruble bloc" pattern as offering best control mechanism. All-important integral feature any system chosen, however, would seem to be firm lever enabling Soviet direction basic capital investments.

In addition, recent Soviet flirtations with gold standard ideas suggest necessity further investigation possible significance gold overlays to "ruble bloc" system, e.g., where announced establishment inconvertible (naturally highly-controlled) ruble gold standard by Soviets would stimulate "mutual assistance" partners to line up for opportunity base their remodeled currencies on new proletarian model gold ruble. Finally, general assessment of potential value, propaganda, tactical, or real, possibly accruing to USSR through such a system or through other conceivable international valuta operations in present stable or some future hypothetical period of disturbance in international monetary arena seems necessary. Soviet Union as advertised haven for foreign capital may even be vision of Russian minds for coming stage capitalist crisis.

In Embassy's thinking, eastern bloc states were definitely lost to west more than year ago and serious ideas on our part re methods returning these states peacefully to western camp constitute essentially wishful thinking. In making overtures and expressing contrary views satellite representatives who certainly have no real power and probably little information, are either seriously deceiving themselves or attempting mislead western representatives.

West's answer to eastern union in our opinion should be confident, immediate and strong, involving:

(a) Clear exposure of background of formation this "independent cooperative venture" and fable of "sovereignty" with attendant ridicule for these "leaders[]" of formerly independent peoples;

(b) Review of current US gold policy with view its modification to reduce utilization by Soviet bloc for a circumvention export controls and interference functioning ERP;

(c) Tightened checks on communication lines from western Germany and other sources illegal shipments particularly to Czechoslovakia, Soviet Zone and Poland;

(d) Establishment import controls luxury and other non essential exchange earning items from all bloc countries;

---

<sup>4</sup> Not printed.



(e) Offering of all aid and comfort to technical and scientific fugitives from east European countries;

(f) Review licenses for export US machinery to Soviet bloc countries intended ensure increased deliveries to west. We believe primary improvement likely to be in deliveries to east unless transaction tied in with specific delivery contracts.

Copies by pouch to Belgrade, Bucharest, Budapest, Geneva for Porter, Helsinki, London, Praha, Sofia, Warsaw, Paris for Harriman.<sup>5</sup>

Department pass Defense [and other?] Departments.

KOHLER

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<sup>5</sup> In his telegram Repto 2587, February 8, from Paris, not printed, William C. Foster, Deputy Special Representative in Europe for the Economic Cooperation Administration, informed W. Averell Harriman, Special Representative in Europe for the Economic Cooperation Administration, in Washington for consultation, that the presentation and reasoning of this message had impressed him, and he urged Harriman to read it (Moscow Embassy Files, 500 Eastern Union). For the Department of State's response to this telegram, see telegram 108, February 25, to Moscow, p. 86.

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*Current Economic Developments*, Lot 70 D 467

*Current Economic Developments*<sup>1</sup>

[Extract]

CONFIDENTIAL  
No. 188

[WASHINGTON,] February 7, 1949.

COUNCIL FOR ECONOMIC MUTUAL AID  
CREATED BY EASTERN EUROPEAN STATES

The announcement of the formation of a Council for Economic Mutual Aid by the Soviet Union and five of the satellites<sup>2</sup> tends to bear out, at least partially, earlier reports that the Soviets were planning even more closely integrated "economic cooperation" with the orbit countries. Bulgaria, Czechoslovakia, Hungary, Poland, Rumania and the USSR are members of the council, which has the announced

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<sup>1</sup> A weekly classified publication, prepared by the Policy Information Committee of the Department of State, designed to highlight developments in the economic divisions of the Department and to indicate the economic problems which were currently receiving attention in the Department. It was circulated within the Department and to missions abroad.

<sup>2</sup> For the text of announcement, issued as a Tass communiqué in Moscow on January 25, see *Current Digest of the Soviet Press*, vol. 1, No. 4, February 22, 1949, p. 11. The purported complete text of the agreement establishing the Council for Mutual Economic Aid, as signed in Moscow on January 18, 1949, was furnished to the Legation in Romania and was transmitted to the Department as an enclosure to despatch 99, February 28, 1949, from Bucharest, not printed (640.6131/2-2849). A summary of the main features of the agreement was printed in the *New York Times*, June 4, 1949.



aims of the exchange of experience in the economic field and the rendering of technical assistance, as well as assistance in regard to raw materials, foodstuffs, machinery and equipment. The Moscow communiqué emphasized that the council was an answer to discriminatory US and western European licensing policies and the European recovery program. Seen as possible bids to non-satellite countries are the allegedly non-binding aspects of council membership: the council is open to membership by other countries subscribing to the organization's principles and desiring to participate in "broad economic collaboration" with present members of the council; decisions of the meetings, which will be held in the various capitals under the presidency of the host country, will be binding on the country affected only with its assent.

The Department is giving careful consideration to the reports being made by our missions behind the Iron Curtain to determine to what extent further economic integration may be expected.<sup>3</sup>

*Rumors Preceded Soviet Move* About the middle of November developments in the USSR caused Embassy Moscow to foresee the possibility that the Soviets might be planning the inauguration, shortly after the first of the year, of some form of ruble area, with satellite monetary and banking systems brought into more direct relationship with, and dependence on operations of the USSR state bank.<sup>4</sup> Some observers limited their predictions to more closely integrated economic planning and "cooperation" between the USSR and orbit countries, plus the possible institution of an eastern European customs union. We asked for comments from our other missions in the area.<sup>5</sup> There was agreement among our missions in the orbit countries that there was little likelihood of an eastern European customs union, a common ruble currency, or a central gold and exchange pool. It was pointed out at the same time that, if such measures were adopted, they might be instituted without much advance warning. With the exception of Helsinki, all our missions agreed that Soviet control had intensified and that a continuing effort would be made toward even greater economic integration of eastern Europe. Views differed, however, as to the extent and form of integration.

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<sup>3</sup> At his press and radio news conference on January 26, Secretary of State Acheson was asked to comment on the formation of the Council of Mutual Economic Aid. The Secretary observed that event was not very surprising and seemed to be the natural development from the attitude that had already been taken in regard to the Marshall Plan. The Secretary did not think that the Council would be in competition with the Marshall Plan (ON Files, Lot 60 D 641).

<sup>4</sup> The views described here were presented in telegram 2649, November 15, 1948, from Moscow, *Foreign Relations*, 1948, vol. iv, p. 933.

<sup>5</sup> The request for comments was contained in the Department of State's circular telegram of December 8, 1948, to various Eastern European posts, not printed (861.50/12-848).

*Embassy Moscow's Views on Council* [Here follows a summary of telegram 212, January 27, from Moscow, page 1.]

*Economic Council Viewed by Other Missions* While agreeing that the formation of the eastern economic council is a move toward further economic integration and may be even the first step toward the development of an economically viable Central European-Danubian area, most of our missions in other parts of eastern Europe anticipate the council will have less far-reaching effects than foreseen by Embassy Moscow. Although bloc trading between the Soviet-dominated countries and the west and creation of a ruble area are not to be excluded, Embassy Warsaw<sup>6</sup> places stock in Polish officials' statements that attention for the ensuing few years will be devoted almost exclusively to the solution of industrialization problems, with a trend toward conversion of the bloc into a self-sufficient whole. The Poles stated an effort will now be made to introduce order within the orbit through central planning of industrialization of the area. They discounted the suggestion of bloc trading with the west and the present intention of creating a ruble area.

Embassy Praha<sup>7</sup> is of the opinion that the Soviets intend to put primary emphasis on economic control over the satellites on an individual (bilateral) basis rather than through a multilateral organization with real authority. Since the network of existing intra-Soviet-orbit trade agreements and relatively long-term satellite economic plans are too elaborate and rigid a structure to be changed overnight, it believes it unlikely that the council will for the present have much effect on other than peripheral questions, such as exchange of information and technical standardization. There appears to be agreement among the missions that the council's role will be essentially that of a Soviet-directed agency, to be used in the transmission of general economic directives in the same manner as the Cominform is used in the political field. The consensus of eastern European representatives to ECE, who thus far seem to have no information on the organization, is that the council is a psychological but in no sense an economic substitute for ERP, and that the satellites will receive little aid, except possibly in the field of technical assistance.

*Yugoslavia Excluded from Council* Yugoslavia's exclusion from the group is variously interpreted—that the council was formed to complete the breach between the Soviets and Tito, to precipitate a showdown with Tito, or to help prevent a recurrence of the Tito defection. The Yugoslav government has notified the USSR and govern-

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<sup>6</sup> The comments that follow here are based upon telegram 123, January 27, from Warsaw, not printed (640.6131/1-2749).

<sup>7</sup> The comments that follow here are derived from telegram 133, January 27, from Praha, not printed (640.6131/1-2749).



ments of the countries participating in the eastern economic council that it cannot take part unless those countries fulfill their treaty obligations toward Yugoslavia and abandon their campaign to overthrow Yugoslav leaders. Yugoslavia expressed satisfaction that the conclusions reached at the conference were identical with Yugoslav views on the question of economic cooperation and pointed out that it could on that basis cooperate with the council.<sup>8</sup>

It is believed that Albania was omitted from the negotiations in order to provide an early applicant for admission.<sup>9</sup>

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<sup>8</sup> For the text of the Yugoslav note of protest under reference here, dated February 1, and an extract of the Soviet reply of February 11, and the text of the Bulgarian reply of February 17, see Margaret Carlyle, *Documents on International Affairs 1949-1950*, issued under the auspices of the Royal Institute of International Affairs (London, Toronto, New York: Oxford University Press, 1953), pp. 443-447.

<sup>9</sup> Telegram 205, February 28, from Belgrade, not printed, reported that the Albanian Legation Bulletin on February 25 published the text of the formal Albanian request for admission to the Council of Mutual Economic Aid (dated February 8) together with the announcement of the favorable Soviet reply (761.75/2-2849).

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640.6131/2-2849 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, February 28, 1949—7 p. m.

510. Reference (a) Deptel 82, February 15, quoting Paris telegram 473, February 4, 1949; <sup>1</sup> (b) Embtel 3049, December 29, 1948; <sup>2</sup> and (c) OIR No. 4800.3, February 1949, p. 8.<sup>3</sup>

Firm link between Commission charged with task satellite economic integration and Gosplan considered here as logical necessity. Embassy has no information confirming report that Kosygin heads group but regards such as more plausible responsibility for Politburo member than single task in light industry, therefore highly possible.

However, we feel obliged comment re divergence Embassy and Department's opinion with regard consumption sector internal economy

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<sup>1</sup> Neither printed. The original Paris telegram reported secret information to the effect that the Soviet Government had established a new commission to represent the economic interests of the Eastern European satellite states and to work toward the complete integration of the satellite and Soviet economies. The new commission, allegedly to be headed by Aleksei Nikolaevich Kosygin, Soviet Minister of Light Industry and Candidate Member of the Politburo of the Communist Party of the Soviet Union, would work under the general supervision of the Soviet State Planning Commission (Gosplan) (640.6131/2-449).

<sup>2</sup> Not printed; it reported the Soviet press announcement of the appointment of Kosygin, lately Minister of Finance, to his new post as Minister of Light Industry, and it commented that almost the entire story of the Soviet economy in 1948 could be written around the short tenure of Kosygin and his successful manipulation of the critical levers of Soviet finance (861.002/12-2949).

<sup>3</sup> Not printed.

focused in references (b) and (c). This question has important bearing any current analysis Soviet intentions, and Embassy regards as perhaps incorrect and at least premature Department's tendency discount possibility of current allocation additional resources to consumer goods output in Soviet economy.

We believe that Politburo confident its ability to call tune as regards critical sectors of international relations, i.e., precipitate, head-off, halt or in general choose time and place for the ultimate and inevitable military clash with Western capitalist world and with due observation Stalinist tenet advocating acceptance temporary weakness for future strength, it follows that such Western reactions to cold war as disproportionate rearmament, consumption sacrifices and long-term disruptive consequences for their economies as are involved would be viewed through Soviet rulers' eyes as desirable, even worthy of calculated provocation. Within limits this argument the present "charged state of international relations" becomes a positive rather than negative consideration affecting the allocation of Soviet resources decision for coming year.

A second consideration involves the important internal economic implications of morale and productivity of the labor force if our estimate valid that Soviet planners increasingly conscious of impact improved material standards on national product and are to certain extent presently concerned with a labor discipline problem occasioned by adherence stringent post-war plans, considerable pressure for significant relief here seems probable. (This connection necessary stress point that "significant" not to be considered within Western focus but in terms of, say, program envisaging restoration Soviet pre-war living standard by some date 1950.)

Argument may also be extended to consideration impact US export control policy<sup>4</sup> and prevailing general tight world demand situation affecting current availability capital and technical equipment, which, insofar as Soviet capital development program is obstructed, necessitates shift of Soviet internal resources with a comparable reallocation of earned foreign exchange externally bowing only to priority of a materials stock-piling program. In sum, Kosygin shift, evidenced Soviet intentions not to maintain but to expand inflow of consumer goods from satellites, present annual flurry in Soviet press, exceeding normal volume propaganda treatment accorded this subject and currently distinguished by evidently firm admonitions to certain heavy ministries to organize production certain durables, particularly washing machines and refrigerators—all comprise elements capable of neat fitting into thesis that serious move is already under way.

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<sup>4</sup> For documentation on United States policy with respect to trade with the Soviet Union and Eastern Europe, see pp. 61 ff.



Embassy perhaps more eagerly than Soviet populace awaiting effectuation of second major readjustment consumer goods price schedule expecting its scope to prove indicator of plausibility above thesis, though naturally aware that full reflection of degree importance any shift would clarify itself only after necessary time-lag for implementation.

In our opinion, argument also obtains certain support from other major 1948 economic and political developments, and we would suggest holding firm conclusions in abeyance pending receipt further evidence.

KOHLER

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PPS Files, Lot 64 D 563, PPS Meetings

*Record of the 36th Meeting, Policy Planning Staff, Department of State, March 1, 1949, 3:30 p. m. to 4:30 p. m.<sup>1</sup>*

SECRET

[WASHINGTON, undated.]

This meeting was called to discuss the proposed study of the situation in the European satellite states to determine what positive steps might be taken by this Government.<sup>2</sup>

Mr. Kennan explained that when we studied the European situation two years ago the decision was to put into effect the Marshall Plan to help save Western Europe from communism. This objective has been achieved to a great extent. Our objective now must be to obtain the retraction of Soviet power from Eastern Europe. If we can do this, war should not be necessary. It is for this reason that we are undertaking a study to examine separately and collectively the situation of the European satellite states to determine what we can do to bring about the retraction of Soviet power from that area. We should be

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<sup>1</sup>This record was prepared by Carlton Savage, Executive Secretary, Policy Planning Staff.

Present for this meeting were George F. Kennan, Director of the Policy Planning Staff, and Ware Adams, John Paton Davies, Jr., and Dorothy Fosdick, members of the Staff, and Carlton Savage. Also present were: Walworth Barbour, Chief of the Division of Southeast European Affairs; Maynard Barnes, former United States Representative in Bulgaria, 1944-1947; Donald R. Heath, Minister to Bulgaria, on leave in Washington for consultation; Selden Chapin, Minister to Hungary, on leave in Washington for consultation; Philip Jessup, Ambassador at Large; Rudolph E. Schoenfeld, Minister to Romania, on leave in Washington on consultation; Walter Bedell Smith, former Ambassador to the Soviet Union, 1946-1949; Llewellyn E. Thompson, Deputy Director of the Office of European Affairs.

<sup>2</sup>At its 32nd Meeting, February 23, the Policy Planning Staff decided to undertake a study of the situation in the Eastern European satellite states in order to determine what positive steps might be taken by the United States. The Staff planned to explore the various possibilities for a more active American policy in the area and to make appropriate recommendations. The Staff planned to call upon the Ministers to Bulgaria, Hungary, and Romania, all of whom were present in Washington for consultation.

able to determine what are the weak spots on which to hammer relentlessly and also to determine whether we want in the first instance some form of Titoism.<sup>3</sup>

Ambassador Smith said that the Russians fear Titoism above everything else. The Ambassador emphasized that the United States does not fear communism if it is not controlled by Moscow and not committed to aggression.

It was decided that we should meet again tomorrow to pursue this subject further.<sup>4</sup>

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<sup>3</sup> For documentation on the attitude of the United States regarding the conflict between Yugoslavia and the Communist Information Bureau, see pp. 854 ff.

<sup>4</sup> There was a further discussion of Eastern Europe at the 38th Meeting of the Policy Planning Staff on March 2. The discussion, for which no detailed record has been found, appeared to center largely on the observations of the three recently returned Ministers (PPS Files: Lot 64 D 563: PPS Meetings). The Staff had further discussions of the Eastern European problem at meetings on March 11 and 21 and April 1. For a record of the last-named meeting, see *infra*.

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PPS Files, Lot 64 D 563, PPS Meetings

*Memorandum by Mr. Robert P. Joyce, Member of the Policy Planning Staff to Mr. Carlton Savage, Executive Secretary of the Policy Planning Staff*<sup>1</sup>

SECRET

[WASHINGTON,] April 1, 1949.

I made no really complete or adequate notes at the meeting this morning but I did jot down certain ideas which were expressed, which I set forth below:

1. Ambassador Smith said that he considered it important for us to answer Soviet allegations against the United States no matter how outrageous and silly they might be. He pointed out that the Russian

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<sup>1</sup> This memorandum is an attachment to the brief summary record of the 56th Meeting of the Policy Planning Staff, April 1, 1949. That record indicates only that the meeting was devoted to a discussion of papers on the Eastern European satellite countries. Regarding earlier Policy Planning Staff meetings on this same subject, see the Record of the 36th Meeting, March 1, and annotations thereto, *supra*.

Present for this meeting were the following members of the Policy Planning Staff: Director George F. Kennan; Deputy Director George H. Butler, Staff members Ware Adams, James Lampton Berry, Dorothy Fosdick, Robert P. Joyce, Gordon P. Merriam, and Edwin C. Wilson, and Staff Executive Secretary Carlton Savage. Also present were: Ambassador at Large Philip C. Jessup; Former Representative to Bulgaria Maynard Barnes; John C. Campbell, Assistant Chief of the Division of Southern European Affairs; Minister to Hungary Selden Chapin; James F. Clarke, Chief of the Balkan Section of the Division of Research for Europe; Minister to Bulgaria Donald R. Heath; Edwin McCammon Martin, Acting Director of the Office of International Trade; George F. Reinhardt, Chief of the Division of Eastern European Affairs; Minister to Romania Rudolph Schoenfeld; former Ambassador to the Soviet Union Walter Bedell Smith; Llewellyn E. Thompson, Deputy Director of the Office of European Affairs.



and satellite peoples have great respect for the printed word and could be calculated to believe a great deal of the false propaganda constantly pumped into them by the printed word and by the radio. Lies and distortions about the United States should therefore be answered and their falsity pointed out. Mr. Thompson generally agreed but advanced the thought that it might not be feasible to answer all of the allegations against the West and particularly against the United States which are produced by Soviet propaganda. We would find ourselves in a maze and would be in a position of replying in accordance with the Soviet terms of reference.

2. Ambassador Smith spoke of the always latent anti-Semitism in Russia and said that this fact might be used in counter-propaganda. Many of the top Kremlin agents in the satellite areas are Jews. The Soviet Union makes use of the intellectual qualities of these Jews but when they have accomplished their purposes they are usually liquidated.

3. The idea was expressed that it would be a good idea to get some of the Jewish voices off of the Voice of America as it had been discovered that many of the Voice broadcasts to the satellite countries were made with heavy Jewish accents in the languages of the countries concerned.

4. Minister Chapin stated that Communist propaganda in the satellite areas was drumming in the idea that the United States was reactionary and, in Hungary in particular, would like to see a return to Horthy and the feudal landlordism of previous Hungarian regimes. Mr. Chapin thought that there should be clearer statements which could be carried on the Voice of America that the United States did not stand for a return to feudal conditions but stood for progress. Such statements give heart to social-democratic thinking which in many instances has been made to suspect the motives of the United States.

5. Minister Heath stated that what we might do in the satellite areas could perhaps be divided into three fields: (a) psychological; (b) economic; (c) political. He particularly emphasized what might be done in the political field in the way of encouraging the establishment of free Bulgarian organizations outside of Bulgaria. Such organizations could lay the foundation for underground organizations in Bulgaria which could keep the spark of hope alive. Our propaganda should stress the fact that the United States has by no means forgotten the satellite peoples but is taking what steps are possible to alleviate their unhappy condition.

There was some discussion of the Church in the various satellite countries as a source to keep alive resistance and hope. The Orthodox Churches in Bulgaria, Rumania and Yugoslavia were not as effective

as the Catholic Church as the Orthodox Churches have to varying degrees gone over to the Communist regimes or at best were nationalist forces. The Catholic Churches in Poland and Hungary were particularly potent forces in keeping alive the sparks of hope and resistance to Communist domination.

6. Minister Schoenfeld was in general agreement with what had been said but questioned the desirability of stepping up the ideological attack on Communism and the Soviet Union. He thought that this was too negative and that our propaganda should be more positive in setting forth what we stood for. He indicated that he did not consider that anything could be accomplished in Rumania in the propaganda field with respect to anti-Semitism. He said that he believed that the Jews are in Rumania to stay rather than as temporary Kremlin agents. Mr. Schoenfeld considered that our information programs should harp on the theme that the communist regimes in the satellite countries were minority regimes imposed from without. The satellite peoples should have constantly dinned in their ears that they were being oppressed and their civilizations destroyed by a gang of foreigners.

7. It was generally agreed that the most vulnerable point of attack was the relation between the communist regimes in the satellite countries and the Kremlin. This theme should be pounded constantly. The people should be encouraged to distrust the Kremlin agents who were oppressing them and the local Communist leaders themselves be encouraged to resent the iron control of the Kremlin. Mr. Kennan pointed out that the bond binding the Communist leaders in the satellite countries with the Kremlin was a very tenuous one. Everything possible should be done to increase the suspicion between the Kremlin and its agents abroad. Titoism as a disintegrating force in the Kremlin monolith should be stimulated and encouraged by all devices of propaganda.

8. There was a considerable discussion regarding what could be done in the economic field to break the hold of the Kremlin on the satellite countries. Mr. Martin spoke of East-West trade and how the satellite countries might be allowed to obtain certain much needed commodities. They would base their economic planning on supply of such commodities from the West and when the flow of the desired commodities were cut off confusion in the economic field would result. Mr. Martin remarked, however, that there was a great deal of pressure, particularly in England, to seek outlets for consumers goods in the satellite countries. He pointed out that British manufacturers were up to 50% over and above the level of 1938 and in France as well the 1938 levels had been reached or surpassed. Both of these western European countries naturally did not desire to lose their Eastern European markets.

9. There was considerable discussion with regard to the Albanian situation and it was generally agreed that something very definitely



might be accomplished now in the way of: (a) assisting in the overthrow of the present pro-Kremlin regime by a pro-Tito gang, or (b) assisting in the setting up of a new regime which would be anti-Communist and therefore pro-western.<sup>2</sup>

10. Out of the general discussion it might be said that the following conclusions were reached:

a. Our propaganda should be more active, if possible, in replying quickly and clearly to the lies about American institutions and intentions. Our information services should also have a definite positive accent of making the peoples of the satellite countries quite certain that the United States stands for basic human freedoms and dignities and is with them in their struggle against communist domination and Russian imperialism.

b. Our propaganda should keep before the satellite peoples the fact that they are being held in subjection and their respective cultures are being destroyed by a small minority of foreigners or native quislings who are working in the interests of the Soviet Union.

c. We should single out the weak points in the Kremlin control of the satellite peoples and concentrate on these troublesome areas in our propaganda approach. We should encourage a healthy nationalism within the satellite countries as an antidote to the iron controls exercised by Moscow. Titoism within the Soviet orbit should be encouraged and fostered wherever possible and by all means of propaganda.

d. Full use should be made of the refugee organizations representing the various free movements within the satellite countries. Assistance and, wherever possible, support should be given to elements within the captured countries which represent a weakness in the political control within the Russian orbit.

ROBERT P. JOYCE

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<sup>2</sup> For additional documentation regarding the attitude of the United States toward the regime in Albania, see pp. 298 ff.

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761.00/4-1249: Airgram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, April 12, 1949.

A-370. While Budapest's tel. 522 to Dept. April 5<sup>1</sup> advances several plausible reasons why Sov. Union might be tempted to incorporate now certain satellite states, including Hungary, and while this gen-

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<sup>1</sup> Not printed. It reassessed the possibility of steps "in the not too distant future" to incorporate the Eastern European satellite states into the USSR. Such an action might serve to speed the consolidation of Communist power in Eastern Europe. It might also be viewed by Soviet leaders as a means of forestalling the growth of nationalism and independence encouraged by the success of Yugoslavia in resisting Cominform pressure. Incorporation of the satellites might also facilitate the stationing of Soviet troops in Eastern Europe and result in the exclusion of Western diplomatic missions from Eastern European capitals (864.00/4-549).

eral question continues one on which only speculation is possible, Embassy is still inclined to regard satellite incorporation as a long-range future rather than imminent development.

Despite the lack of specific detail, basic Marxist doctrine clearly implies existence of this goal. In particular, mention may be made of Stalin's historic oath to "consolidate and extend the Union of Republics", which was repeated in Pospelov's <sup>2</sup> Jan. 21 speech on Lenin's anniversary. Reference should also be made to passage in Stalin's "Problems of Leninism" (11th Ed. pp. 49-52), in which Stalin refers to: ". . . that remarkable organization for the collaboration of nations which is called the Union of Soviet Socialist Republics and which is the living prototype of the future union of nations in a single world economic system". At the same time, Leninist-Stalinist dogma throws, as far as Embassy knows, little if any light on the conditions (i.e. timetable) of incorporation of new areas into the Soviet Union. The standard treatment of the "nationalities" problem, under prevailing world conditions, stresses the theoretical right of "secession" rather than adherence to the Soviet Union.

However, it seems reasonable to argue that basic dogma would prefer that states to be incorporated should be "ripe", i.e., patterned on Sov. Union, and that the present development of eastern Europe is in fact based partly on this objective. The satellite states are still clearly only "building Socialism" (compare my A-11 Jan. 5 <sup>3</sup> and 212 Jan. 27 <sup>4</sup>), while the Sov. Union is now allegedly advancing from a Socialist state towards Communism. Though the Sov. Union, both during and following World War II, incorporated certain territories (Baltic states, Bessarabia, and parts of Finland, Czechoslovakia, Poland and East Prussia) without their being politically and economically "ripe", political-historical claims "justified" their outright

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<sup>2</sup> Petr Nikolaevich Pospelov, member of the Central Committee of the Communist Party of the Soviet Union and Editor of *Pravda*, the official organ of the Party. For a long extract of the speech under reference here, see Margaret Carlyle, Editor, *Documents on International Affairs 1949-1950*, Issued under the auspices of the Royal Institute of International Affairs (London, New York, Toronto: Oxford University Press, 1953), pp. 126-129.

<sup>3</sup> Not printed. It observed that the merger in December 1948 of the Polish Workers' Party and the Polish Socialist Party into the United Polish Workers' Party completed the "shot gun marriages" of Socialist and Communist Parties throughout Eastern Europe and brought 1948 to a close with all effective power concentrated in the hands of Communist-dominated "united workers" parties whose rivals had been reduced to the status of mere scenery prolonging the illusion of parliamentary democracy. The Embassy in Moscow concluded that future internal developments within the Eastern European states would include the following: (1) further consolidation of the remaining non-Communist parties and their eventual elimination; (2) liquidation of the remaining capitalist elements from the economy; (3) completion of the "communization" of education and elimination of such remaining centers of independent thought as the Catholic Church (800.00B/1-549).

<sup>4</sup> *Ante*, p. 1.



absorption and special circumstances required immediate action, precluding the possibility of first establishing and developing people's democracies there.

While the short-term objective of establishing firm Soviet control has already been generally achieved, we believe other considerations are still likely to deter the Kremlin from satellite incorporation in the near future, particularly the fact that most of the advantages thereof can be quietly achieved by present methods without dealing a fatal blow to the current "nationalist" line of communist forces in other parts of Europe and the world at large (compare mytels 2098 Sept. 23 <sup>5</sup> and 253 Feb. 9, 1948 <sup>6</sup>). The Sov. Govt. already has its hands full both at home and abroad and is likely to prefer the continuation of the satellite setup, whereby local communist stooges execute policy details and Moscow ostensibly avoids direct responsibility for difficulties and shortcomings. Continuing popular fears of German revival and aggression might also influence the Kremlin to preserve the present pattern, through which the Sov. Union is able to pose as the satellites' defender and thus keep them dependent and submissive. Two minor considerations might also be mentioned. Direct incorporation now would possibly increase the difficulty, already serious enough, of persuading the satellite populations that their participation in the Soviet bloc is aimed at raising their living standards rather than benefiting the USSR. And though, as pointed out in Budapest's 522, an attempt would certainly be made to avoid the loss of UN representation and voting strength, it appears doubtful that the non-communist member states would now be susceptible to the considerations which may have justified the special status given White Russia and the Ukraine while the common life-and-death struggle against fascism was still in progress.

While the Kremlin evidently views the present world situation as one warranting behind-the-curtain "consolidation", as also noted by Legation Budapest, the indications are that Moscow is still hoping and planning for further advances in the near future, at least in the Far and Near East, if not even in Europe. As long as the Berlin blockade can be used to pressure the western occupants and the present political impasse in western Germany continues, the Soviets are undoubtedly still hopeful of making eventual progress in this "key"

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<sup>5</sup> Not printed; it advanced the view that the incorporation of Czechoslovakia and other Eastern European satellites into the USSR was not currently necessary to the Soviet Union in order to ensure full obedience and might in fact tend to disturb domination of the satellites (761.00/9-2348).

<sup>6</sup> This telegram presented an analysis of Soviet reactions to plans for a possible Balkan Federation. For text, see *Foreign Relations*, 1948, vol. iv, p. 293.

country. Likewise, despite the present status of the "Varga controversy", they are presumably still looking forward to economic reverses, possibly even a major depression, in the US-led western world in the next year or two, or at least after termination of ERP. For those reasons, they seem likely to refrain from steps, such as satellite incorporation, which might impair or jeopardize their ability to exploit such possibilities.

Whether the Kremlin's obvious desire to liquidate Tito is likely to increase the desirability of satellite incorporation now depends on the methods to be used. As indicated in mytel 829 April 4,<sup>7</sup> Embassy still feels the Soviets will refrain from direct military action and are desirous of remaining ostensibly in the background. From this viewpoint, it seems preferable to retain the present setup of satellite pressures against neighboring Yugoslavia. And though the Kremlin continues to devote serious attention to the problem of Titoism (i.e. nationalist deviations) throughout the satellite area, Embassy seriously doubts that Moscow really fears or anticipates that the Western Powers are likely to succeed in "splitting off successively Albania, Bulgaria, etc.", as suggested by Budapest Legation. As a matter of fact, the speed with which Gomulka was liquidated in Poland, together with the more recent purges in Albania and Bulgaria, suggests that the Soviets are confident of their ability to keep the remaining satellite states in line.

Though still undoubtedly somewhat bothered by the presence of western diplomatic missions in the satellite areas, the Soviets presumably have every hope of isolating these centers of pernicious influence and information within the next year or two as effectively as has been accomplished in Moscow.

The above is admittedly speculative reasoning and no certain conclusions can be drawn. In fact, the question of the Kremlin's "timetable" regarding eventual satellite incorporation remains one of the most intriguing facing western analysts and possibly the Kremlin itself.

KOHLER

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<sup>7</sup> *Post*, p. 880.



800.404/7-1549 : Telegram

*The Acting Representative at Vatican City (Gowen)<sup>1</sup> to the  
Secretary of State*

SECRET      PRIORITY

VATICAN CITY, July 15, 1949.

[Amvat] 24. Vatican Undersecretary State Montini<sup>2</sup> saw me today at my request re decree excommunicating active Communists.<sup>3</sup> He said decree vitally important but not unexpected, as it is reaffirmation of existing fundamental principles and doctrines Catholic Church. It is most authoritative clarification emanating from supreme source, namely Holy Office Congregation, which has charge protection fundamental doctrines regulating Catholic Church and life, said Congregation corresponding to Supreme Court. Carrying Pope's solemn approval as head of Church, decree removes all doubts which might have existed regarding applicability and interpretation of Catholic

<sup>1</sup> Franklin C. Gowen, Special Assistant to Myron C. Taylor, Personal Representative of President Truman to Pope Pius XII.

<sup>2</sup> Msgr. Giovanni Battista Montini, Substitute Secretary of State for Ordinary Affairs, Vatican Secretariat of State.

<sup>3</sup> For the text of the Vatican decree under reference here, dated July 1, 1949, but released to the public on July 13, see Margaret Carlyle, Ed., *Documents on International Affairs 1949-1950*, issued under the auspices of the Royal Institute of International Affairs (London, New York, Toronto: Oxford University Press, 1953), p. 406 or J. B. Barron and H. M. Waddams, *Communism and the Churches: A Documentation* (London: S C M Press Ltd., 1950), pp. 90-100.

The United States Government did not have prior knowledge of the Vatican Decree nor did it subsequently comment on the Decree, publicly or privately. A memorandum of July 29, prepared for the Secretary of State by Lucius D. Battle, his Special Assistant, read as follows:

"The news ticker reports a story to the effect that Myron Taylor is said to have given a letter to the Archbishop in Czechoslovakia and/or to the Pope assuring one or the other of them that the United States is supporting them in their fight with Communism and that, therefore, the United States knew about and encouraged the Pope's recent encyclical.

So far as the President, Charlie Ross [Secretary to the President], and Bill Hassett [Secretary to the President] know no letter of any sort was given to either by Mr. Taylor. Does anyone in charge of Vatican Affairs here know anything about it?" (800.404/7-2949)

Carlisle H. Humelsine, Executive Director of the Secretariat, passed the memorandum to Llewelyn E. Thompson, Deputy Assistant Secretary of State for European Affairs, for urgent comment. In a memorandum of July 29, Thompson replied as follows:

"With reference to the Secretary's memorandum of July 29, 1949 concerning the news ticker report of a letter from Myron Taylor to the Archbishop of Czechoslovakia and/or to the Pope, none of the officers of the Department responsible for Vatican City affairs is aware of any such letter. However, the Office of European Affairs is not ordinarily consulted or informed regarding Ambassador Taylor's correspondence in his capacity as Personal Representative of the President, such matters usually being handled directly between the White House and Ambassador Taylor.

In connection with the news ticker report, even if Ambassador Taylor had communicated with the Pope concerning our support of his fight against Communism, it would not necessarily follow that the United States Government had prior knowledge of the Pope's encyclical." (800.404/7-2949)

principles and renders uniform Vatican policy concerning communism ensuring consistency of Church policy and conduct towards communism in all countries.

Reference situation Catholic Church Iron Curtain countries, decree is solemn declaration communism is irreconcilable enemy Catholic Church and consequently also of Christianity. Decree, Montini added, may well cause rupture diplomatic relations between Vatican and those countries, and even more ruthless persecution Catholic Church; but Pope ready to take consequences in discharging his spiritual duties and responsibility, as no compromise possible.

Decree alerts and mobilizes powerful worldwide Catholic forces in struggle against communism, and marks Pope's conviction point has been reached in which no longer possible entertain hope Catholic Church and Soviet-controlled governments can have normal relations. All doubts now removed in Catholic minds as to whether they could cooperate with communism or accept any portion its doctrines and still remain within Church. Hence, persons who join Communist Party, believing membership not inconsistent with Catholic religion, have been solemnly warned, and if they still remain in party and support its policies, they are banned from Church. Decree draws careful distinction between active supporters and propagandists of communism and those who only follow its policies without making active propaganda. Former are excommunicated outright, while latter are excluded from sacraments.

Montini said preliminary reports received by Vatican indicate courageous forthright stand taken by Pope for defense Christian principles favorably received in all countries where fundamental rights mankind are freely asserted and upheld. He criticized as slanderous, Communist reaction which endeavors to exploit decree to further Soviet propaganda.

GOWEN

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800.404/7-2649 : Telegram

*The Acting Representative at Vatican City (Gowen) to the Secretary of State*

SECRET

VATICAN CITY, July 26, 1949.

Amvat 29. Tardini <sup>1</sup> indicated to me today confidentially in countries behind Iron Curtain Vatican anti-Communist decree <sup>2</sup> expected to strengthen resistance of persecuted Catholics but can hardly do

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<sup>1</sup> Msgr. Domenico Tardini, Secretary of State for Extraordinary Affairs, Vatican Secretariat of State.

<sup>2</sup> Regarding the decree under reference, see telegram Amvat 24, *supra*.



more as long as violent anti-religious campaigning continues. It will give such Catholics stimulating proof of Pope's sustained sympathy and solidarity. In non-Iron Curtain countries especially Latin countries Vatican is confident decree is yielding tangible results in depriving Communists of adherents who had been betrayed by subtle propaganda that Communism is not inconsistent with Christianity.

Catholics who hitherto thought they could serve both Communism and Catholic Church now realize time for any compromise with Communism is past and that Communism is utterly incompatible with Christianity, true democracy, freedom and justice. He indicated Pope had these points in mind when he was considering possible effects of decree. Response of free world has been most gratifying, he said.

GOWEN

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124.71/8-949

*The Secretary of State to the Minister in Romania (Schoenfeld)*<sup>1</sup>

SECRET

WASHINGTON, August 4, 1949.

SIR: As a result of the continued deterioration of political relations between the United States and the Soviet-dominated satellite countries of Eastern and Southeastern Europe, the Department has completed another reappraisal of the staffing patterns and workloads of the U.S. Missions in these areas, similar to that described in the Department's instruction No. 49, of July 26, 1948.<sup>2</sup> Your staff has had imposed upon it increasingly severe restrictions which have limited to a marked degree the possibility of performing fully all of the varied economic, political, cultural and consular functions expected of it under normal conditions. Consequently, the Department has concluded that the national interests of the U.S. Government would be served best by streamlining the staffs and redefining program objectives in Rumania and in other curtain area countries. As a result of the redefinition of these program objectives, the Department has allotted a complement of 1 CM, 6 FSO, 23 FSS, and 34 FSA (advisory).

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<sup>1</sup> Parallel instructions were sent the same day to Budapest, Praha, Sofia, and Warsaw. Telegram 155, May 3, to Bucharest, not printed, also sent to Budapest, Praha, Sofia, and Warsaw, anticipated the transmission of this instruction as follows:

"Following protracted analysis conditions pertaining Communist-dominated countries Eastern Europe, Dept and other Govt Agencies determined interests US best served streamlining staffs these areas and redefining program objectives. These decisions, described detail instrs via airmail later date, contemplate elimination scheduled reporting workloads compliance with which impeded or impossible due local restrictions." (124.71/5-349)

<sup>2</sup> Not printed.

Since you bear responsibility for the proper functioning of *all* sections of the Legation, the decision as to the internal assignment and utilization of the authorized post personnel complement is left to your discretion. The basic policy decisions agreed upon as a result of this reappraisal and the administrative procedures for their implementation are outlined below for your guidance :

*A. Organization of the Mission.* The Department recognizes that the local conditions existing within each of the satellite countries of Eastern and Southeastern Europe are different and unique to each country. Consequently the demands upon the staffs of U.S. Missions in each country differ and the resulting workload, particularly administrative, varies. Allowing for these differences, it is imperative that each mission establish a basic staffing pattern that will (1) permit a minimum staff to produce a maximum workload and (2) assure a continuity of operations under adverse conditions, particularly in the supervisory capacity. This can be accomplished only by the assignment of qualified personnel. The Department places more emphasis on selective quality of the work to be performed by the allotted personnel and less upon broad quantitative coverage. Every effort is being made by the Department to assign highly qualified personnel to the missions. However, the missions must be prepared to utilize such personnel to the utmost by clearly defining their responsibilities and duties.

There are certain common principles of administration and organization which are applicable to all U.S. Missions even under varying local conditions. In the U.S. Missions in the Communist-dominated area, a compact organization with clearly defined chains of command is essential. With the reduction of the staff at Bucharest, it is believed that the main chain of command responsible to the Minister should be through the Counselor, Deputy Chief of Mission, who will be responsible for the political, economic, USIE, consular and administrative supervision.

[Here follows the remainder of the Instruction covering approximately 10 typewritten pages in the source text. Basic policies regarding reporting activities, personnel requirements, and administrative procedures attendant thereto were set forth. Included was the decision immediately to replace with Americans all local employees occupying positions requiring access to information pertaining to, or affecting, the security of the United States.]

For the Secretary of State :  
JOHN E. PEURIFOY <sup>3</sup>

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<sup>3</sup> Deputy Under Secretary of State for Administration.

PPS Files, Lot 64 D 563, PPS Documents

*Policy Planning Staff Paper*<sup>1</sup>TOP SECRET  
P.P.S. 59

[WASHINGTON,] August 25, 1949.

U.S. POLICY TOWARD THE SOVIET SATELLITE STATES IN EASTERN  
EUROPE

## THE PROBLEM

To find means of improving and intensifying our efforts to reduce and eventually to cause the elimination of dominant Soviet influence in the satellite states of Albania, Bulgaria, Czechoslovakia, Hungary, Poland and Rumania.

## ANALYSIS

1. Since VE Day<sup>2</sup> we have (a) checked the westward advance of Soviet power, at least for the time being, at a line running from Lübeck to Trieste and (b) made substantial strides in developing Western Europe as a counter-force to Communism. These are defensive accomplishments. The time is now ripe for us to place greater emphasis on the offensive to consider whether we cannot do more to cause the elimination or at least a reduction of predominant Soviet influence in the satellite states of Eastern Europe.

2. These states are in themselves of secondary importance on the European scene. Eventually they must play an important role in a free and integrated Europe; but in the current two-world struggle they have meaning primarily because they are in varying degrees politico-military adjuncts of Soviet power and extend that power into the heart of Europe. They are a part of the Soviet monolith.

3. It is assumed that there is general agreement that, so long as the U.S.S.R. represents the only major threat to our security and to world

<sup>1</sup>The preparation of this paper was discussed at the Policy Planning Staff meetings of March 1 and April 1 (see pp. 9 and 10). A first draft was prepared in late May and was considered by the Staff at its meeting on June 2. The final draft was discussed and agreed upon by the Staff at its meeting on August 24. This text was submitted to the Department of State Executive Secretariat on August 26 with the recommendation that it be transmitted to the National Security Council for information following consideration by the Under Secretary's Meeting. This paper, designated document UM D-56, August 29, was considered at the Under Secretary's Meeting of August 31. At the request of Under Secretary of State Webb the paper was circulated for information to the National Security Council as document NSC 58, September 14. NSC 58 was considered and its conclusions endorsed at the London Conference of U.S. Chiefs of Mission to the Satellite States, October 24-26; see the conclusions and recommendations of the Conference, undated, p. 28, and the memorandum from Assistant Secretary of State Perkins to the Secretary of State, November 7, p. 36. For the final version of this paper as subsequently revised and agreed upon by the National Security Council and approved by President Truman, see NSC 58/2, December 8, p. 42.

<sup>2</sup>May 7, 1945.



stability, our objective with respect to the U.S.S.R.'s European satellites must be the elimination of Soviet control from those countries and the reduction of Soviet influence to something like normal dimension.

### *General Comment Regarding Satellites*

4. The criterion which we employ in defining a "satellite" state is amenability to Kremlin direction. Thus Albania, Bulgaria, Czechoslovakia, Hungary, Poland and Rumania are by this definition satellite states. Yugoslavia is not because, although it is a Communist state, it is not at present subservient to the Kremlin and an integral part of the Soviet system. Nor is Finland; because, notwithstanding the existence of a large Soviet naval base on its territory, Finland has demonstrated on the whole a greater degree of resistance to than compliance with Soviet pressure and has, in particular, been able to resist internal police domination by the MVD.

5. Certain generalizations can be made about the satellite states. For the most part, they were overrun by the Soviet Army during or after the war. Their present governments were established by Kremlin dictate or under Moscow guidance. And they are all minority governments dominated by Communists. In particular, internal police power, which is the key factor in a Communist power system, is under Moscow control.

6. Moreover, the satellite states have under Soviet compulsion re-oriented their economies from the west to the east. The Kremlin forced this readjustment with the purpose of exploiting the satellites for the aggrandizement of Soviet economic-military might and preventing their contact with the West. Moreover, the satellite economies are being steadily Sovietized. The Soviet pattern of state monopoly of trade and industry and of collectivized agriculture is being rapidly forced on these countries.

7. The cultural life of the satellite peoples, too, is being steadily Sovietized. A common pattern in education, religion, science and the fine arts is being pressed on the mind and spirit of Eastern Europe.

8. These developments do not have popular support in the satellite countries. The majority of the population in these states look upon their governments and the Soviet Union as an oppressive rather than an emancipating force.

### *The Anatomy of Soviet Power in the Satellite States*

[Here follow numbered paragraphs 9 through 34 which are identical with paragraphs 10 through 35 of document N.S.C. 58/2 (page 42), the final approved version of this paper.]

35. With the foregoing in mind, let us now consider the most evi-



dently beneficial course which we can follow. The obvious first step, perhaps even an essential prerequisite, is the creation of circumstances bringing about the withdrawal of Soviet troops from satellite countries. The conclusion of an Austrian peace settlement would remove the most evident present justification for Soviet troops in Hungary and Rumania. Similarly, an agreement by the four powers with respect to Germany, if and when it is achieved, should include provisions assuring preferably an elimination but at least a reduction of Soviet garrisons in Germany and Poland. These developments should go a long way toward loosening the Kremlin's hold not only on the states affected but also on adjoining satellites. There is no guarantee, of course, that such a move might not be followed by Soviet-satellite treaty arrangements or the Soviet Union's incorporating some or all of the satellites in the U.S.S.R., thus providing a new legal basis for the retention of Soviet forces in those countries. In such an eventuality, a new situation would have been created necessitating a full reexamination of this paper.

36. A second course open before us is to attack the weaknesses in the Stalinist penetration of satellite governments and mass organizations. In the light of what has been said, this will be no easy task. The weaknesses discussed in paragraph 19 do represent, however, a vulnerable sector on this front, especially if Soviet armed forces are withdrawn behind the borders of the U.S.S.R. The basic problem would seem to be to bring about the isolation, not only in satellite society, but particularly in the Communist Parties, of the Stalinist elements, and as they are identified and isolated, to create conditions which will reduce and eventually eliminate their power. . . . The propensity of the revolution to devour its own, the suspicions of the Kremlin regarding its agents and the institutions of denunciation, purge and liquidation are grave defects in the Soviet system which have never been adequately exploited.

37. This course is intimately related to and partly dependent upon the third course of action open to us—an attack on the ideological front, specifically directed at the Stalinist dogma of satellite dependence upon and subservience to the U.S.S.R. This key doctrine should be unremittingly attacked all across the board in its political, economic and cultural applications. On the positive side, the reverse of the Stalinist dogma—nationalism—should be encouraged. The offensive should be maintained not only on the overt but also the covert plane.

38. The subsidiary mechanisms of Soviet control touched upon in paragraph 16 are of varying vulnerability. It is difficult to see, for example, how we can bring pressure to bear against such mechanisms as Soviet military missions in satellite states. The political and cultural fields, however, offer possibilities for the exertions of our influence.

For instance, through formal diplomatic channels and within the U.N., we have some opportunity to bring pressures to bear on the political ties between the satellite governments and the U.S.S.R. And in our general ideological offensive mentioned in the preceding paragraph, we should not neglect pressing the attack, necessarily indirectly in most cases, against specific instrumentalities such as the various "popular" organizations in the satellite states.

39. But it is probably in the economic realm that we can most concretely make our influence felt. All of the Soviet economic mechanisms of control, particularly the CMEA, are affected by the policies which we follow with regard to such matters as East-West trade, purchase of gold and export controls. The potential effectiveness of our economic tactics is widespread. If we can succeed in jolting the CMEA structure, the repercussions are bound to be felt in the political, military and cultural spheres. We do not have at hand and are therefore not operating on the basis of a thorough study of all of the elements of the problem. Not until we have completed an exhaustive study of all of the economic—and political—factors involved can we mobilize this economic potential and utilize it for maximum effect. This is a tactical problem which should immediately be worked out in detail.

#### *Factors Affecting Our Choice*

40. The broad courses of action open to us are qualified by a series of other factors. They are considerations of (a) timing and tempo, (b) our long-term goals, (c) our world position, (d) our relations with the U.S.S.R. and (e) the relative vulnerability of the various satellites.

41. Although the time is now ripe for us to move to the offensive, this does not mean that we should attempt to move at a maximum pace. The tempo at which we move is necessarily qualified by the basic pragmatic approach which we have to foreign relations. The truism, sometimes ignored in the public mind, is here recognized that our pace must be accommodated to what the situation in the satellites warrants.

42. A course of encouraging schisms within the Communist world cannot be pursued without reserve because such a course is a tactical expediency which, however necessary, must never be permitted to obscure our basic long-term objectives—a non-totalitarian system in Eastern Europe. The problem is to facilitate the development of heretical Communism without at the same time seriously impairing our chances for ultimately replacing this intermediate totalitarianism with tolerant regimes congenial to the Western World. Nor must we slacken, rather we should increase, the support and refuge which we may be able to offer to leaders and groups in these countries who are western-minded.



43. Considerations of our international position, particularly with respect to the U.N., impose further limitations on our policy with respect to the satellites. We cannot, for example, come out in unqualified support of Tito or Titoism any more than we can take such a stand in favor of Franco and Fascism. Furthermore, we cannot pursue a wholly unilateral course because we have committed ourselves to the collective idea, because our western allies have far-reaching legitimate interests in Eastern Europe and because the full effectiveness of our operations depends upon their cooperation.

44. Our relations with the U.S.S.R. are another consideration which must be taken into account. The satellite question is a function of our main problem—relations with the U.S.S.R. No examination of a proposed course of action toward the satellites is complete without thorough consideration of the probable effects it might have on the U.S.S.R. Proposed operations directed at the satellites must consequently be measured against the kind and degree of retaliation which they are likely to provoke from the Kremlin. They must not exceed in provocative effect what is calculated suitable in the given situation.

45. Finally, considerations of the relative vulnerability of the various satellites must enter into our calculations. No one course of action can be applied alike to all satellites. Obviously our policy both with regard to methods and tempo must differ among the several orbit countries. These are tactical problems which must be flexibly worked out by the operating elements within this Government.

#### CONCLUSIONS

46. Our overall aim with respect to the satellite states should be the gradual reduction and eventual elimination of preponderant Soviet power from Eastern Europe without resort to war.

47. We should, as the only practical immediate expedient, seek to achieve this objective through fostering Communist heresy among the satellite states, encouraging the emergence of non-Stalinist regimes as temporary administrations, even though they be Communist in nature.

48. It must, however, be our fixed aim that eventually these regimes must be replaced by non-totalitarian governments desirous of participating with good faith in the free world community.

49. More specifically, bearing in mind all of the qualifications set forth in the analysis of this paper, we should:

a. seek to bring about a retraction of Soviet military forces behind the borders of the U.S.S.R.;

b. endeavor to cause an increasing isolation of the confirmed Stalinists from the nationalist elements of the party and from popular

support in the satellite states toward the end that their power be reduced;

c. attack the Stalinist dogma of satellite subservience to the U.S.S.R. and encourage nationalism;

d. bring fully to bear on the Soviet-satellite relationship the economic forces which we control or influence.

50. The operating elements within this Government should forthwith begin tactical planning and implementation of such plans in conformity with the strategic concept set forth in this paper. In connection with economic planning, it will be necessary first to undertake the study mentioned in paragraph 39.<sup>3</sup>

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\* A portion of the Under Secretary's Meeting of August 31, 1949 was devoted to a consideration of PPS 59. In the course of the discussion, Policy Planning Staff Director Kennan emphasized that the paper did not call for any program of action but simply defined American interests in Eastern Europe. He also observed that the main point of the paper was that the United States should favor the development of nationalist communist leaderships in the Eastern European countries. (Under Secretary's Meetings, Lot 53 D 250.) Regarding the establishment, responsibilities, and composition of the Under Secretary's Meetings, see the minutes of the Under Secretary's Meeting of February 14, p. 863.

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### *Editorial Note*

In a memorandum of September 10 to Policy Planning Staff Director Kennan, Assistant Secretary of State for European Affairs George W. Perkins raised the question as to how long and to what extent the United States Government could tolerate the ill treatment of its alien employees in missions in the Communist-dominated states of Eastern Europe. The question raised by Perkins was considered at the 140th Meeting of the Policy Planning Staff on September 19 at which were present representatives of the Office of European Affairs and other interested Department officers. It was decided that a study would be undertaken to determine the extent it might be possible to restrict the size of American missions in Eastern Europe. During the meeting Director Kennan expressed the opinion that it might prove necessary to close one or more of the missions entirely if their continued maintenance required too large a staff. (PPS Files, Lot 64 D 563, PPS Minutes) At the Under Secretary's Meeting of October 17, Secretary of State Acheson heard oral reports from the geographic bureau heads. In his report, Deputy Assistant Secretary of State Llewellyn E. Thompson included a comment on the unfavorable and unpleasant treatment being accorded to American missions in Eastern Europe. Thompson suggested that it might prove necessary to withdraw some American staff. Secretary Acheson asked about the possibility of retaliation, and Thompson replied that the American staffs were not large



and there was not much retaliation that could be carried out. (Under Secretary's Meetings, Lot 53 D 250) The question of American personnel in the Eastern European countries was subsequently discussed at the Secretary of State's Daily Staff Meeting on October 26. Policy Planning Staff Director Kennan suggested that a study be undertaken of the entire question of what personnel should be maintained in Eastern Europe. Kennan suggested that it might prove possible to reduce mission staffs to those persons included on the diplomatic list. In Kennan's view the situation of the missions in Eastern Europe had been made more acute by the insistence of the Department of Justice on the arrest and prosecution of Communists in the United States. Deputy Under Secretary of State Dean Rusk stated at this meeting that he would arrange for the preparation of a paper for presentation to the National Security Council so that a governmental position on the question could be arrived at. (Secretary's Daily Meetings, Lot 58 D 609)

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*Editorial Note*

The holding of periodic conferences of the chiefs of missions in Eastern European countries was originally suggested by President Truman to Secretary of State Acheson during a meeting on May 16, 1949. The President felt that such meetings, which he suggested be held in one of the Embassies in Eastern Europe, might produce interesting policy suggestions and would in any case have a useful effect on the Eastern European countries (Memorandum by the Secretary of State of Meeting with the President, May 16, 1949; Secretary's Memoranda, Lot 53 D 444). Officers of the Department of State quickly endorsed the President's suggestion, and Department planning of the first Eastern European chiefs of mission conference was begun. At his meeting with President Truman on September 19, Secretary Acheson discussed the plans for the first such conference tentatively scheduled for Paris in early October. The President was "delighted" with plan, which he approved, and he expressed an interest in being informed of the outcome of the conference. In late September Ambassador Bruce urged that the site of the proposed conference be shifted from Paris in view of the concurrent meeting of principal Ambassadors in Western Europe, October 21-22, 1949. It was feared that so large a gathering of American officials in Paris would cause embarrassment to the French Government and give rise to harmful Communist propaganda. With the agreement of British Foreign Secretary Bevin, the conference site was changed to London and the date of October 21 agreed upon. The agenda for the conference was developed in the course of an exchange

of telegrams between the Department of State and the various Eastern European missions. Documentation on the planning and arrangements for the London Conference of Eastern European Chiefs of Mission is included in Department of State file 120.3 Conferences. The immediately following documents in this volume are concerned with the proceedings of the Conference and its principle conclusions and recommendations.

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Moscow Embassy Files : 1949 Top Secret File

*Conclusions and Recommendations of the London Conference of October 24-26 of United States Chiefs of Mission to the Satellite States*<sup>1</sup>

TOP SECRET

[LONDON, undated.]

PARTICIPANTS<sup>2</sup>

Assistant Secretary of State Perkins  
 Assistant Secretary of State Allen  
 Ambassador Briggs (Czechoslovakia)  
 Ambassador Cannon (Belgrade)  
 Ambassador Douglas (London)  
 Ambassador Gallman (Warsaw)  
 Ambassador Jacobs (Czechoslovakia)  
 Ambassador Kirk (Moscow)  
 Minister Davis (Budapest)  
 Minister Heath (Sofia)  
 Minister Schoenfeld (Bucharest)  
 Minister Bohlen (Paris)  
 Mr. Cochran (Budapest)  
 Mr. Joyce (State Department)  
 Mr. MacArthur (State Department)

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<sup>1</sup> This report appears to have been prepared on October 26 by those conference participants who remained in London following the four substantive conference sessions on October 24 and 25. It was submitted to the Secretary of State on November 7 and to President Truman on November 10 under cover of a memorandum by Assistant Secretary of State Perkins of November 7 (p. 36) summarizing the highlights of this conference and the meeting of Ambassadors in Paris, October 21-22. Conclusions and recommendations of the conference were also set forth in a number of telegrams transmitted by Assistant Secretary of State Perkins from the Embassy in London on October 25 and 26. Of these, telegram 4277 is printed on p. 35; telegram 4269, October 25 (on East-West trade), appears on p. 169; telegrams 4268, October 25 (on defectors), and 4278, October 26 (on Yugoslavia), are not printed. A copy of the minutes of the Conference, comprising 30 pages of typescript, is included in London Embassy Files, case 350 United States.

<sup>2</sup> The minutes of this conference, cited in the previous footnote, indicate that Ambassador Harriman and Colonel Bonesteel attended the portion of the conference devoted to East-West trade problems; Francis Deak, Economic Officer

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- V. Discussion of Whether U.S. and U.N. Relief Agencies Should Continue Their Work in the Soviet Satellite States
- VI. Need for National Policy and Agreed Procedures to Deal With Defection From the Soviet World

*I. Titoism and its Possible Effects in the Soviet Satellite States*

The London satellite conference endorsed unanimously the views of the Paris meeting that Tito's defection has created a schism within the communist world which should be exploited, and represents a fundamental challenge to Moscow's control of the world communist movement.<sup>3</sup> There was agreement that by raising the basic issue of nationalism, Tito has also challenged the Kremlin's control and discipline within the world communist apparatus, the instrument of Russian expansionism, and hence his defection has set back the Soviet Union's initiative against the West. The London group also agreed that an essential element of U.S. policy should be to keep Tito afloat as the inspiration of these dividing forces within the communist world. In the public presentation of such aid as may be given Tito by the West, it was agreed that care must be exercised to avoid the impression that the present Tito regime is in any way a democracy in our sense of the word. On the contrary, we should not endeavor to conceal the fact that the present Tito regime is a communist dictatorship but should take

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and Attaché at the Legation in Switzerland (also assigned to eleven other European posts including London), and Ernest A. Lister, Attaché at the Embassy in the United Kingdom, attended the portion of the conference dealing with civil aviation matters. Other officers attending the conference were: Mallory Browne, Counselor of Embassy in London, John H. Bruins, First Secretary in London, William B. Hussey, Attaché in London (and assigned to 29 other posts in Europe and Africa), James C. Sappington, 3rd, First Secretary in London, and Oliver M. Marcy, Second Secretary of the Embassy in Warsaw.

Most of the participants listed below have previously been identified in these pages. Assistant Secretary of State for Public Affairs George V. Allen was named by President Truman on October 27 to succeed Cavendish W. Cannon as Ambassador to Yugoslavia. Ambassador-Designate Ellis O. Briggs was en route to Praha to succeed Joseph E. Jacobs as Ambassador to Czechoslovakia. Minister-Designate Nathaniel P. Davis was en route to Budapest where Counselor of Legation William P. Cochran, Jr. had served as Chargé since February 1949.

<sup>3</sup>The "views of the Paris meeting" under reference here were those set forth in telegram 4424, October 22, from Paris, p. 973. In his telegram 4278, October 26, from London, not printed, Assistant Secretary Perkins reported that the London Conference fully subscribed to the conclusions set forth in telegram 4424 from Paris (860H.00/10-2649).



the line that such aid as is given Tito is to prevent the domination and enslavement of the Yugoslav people by the Kremlin, thus, by inference at least, preserving for the Yugoslav people the right, ultimately, to determine their own destiny. In any event, in present day Yugoslavia there was no "third force" which would be capable of taking over and establishing a moderate middle-of-the-road regime between the two extremes of Stalinist and Titoist communism. The choice in Yugoslavia today is between a puppet regime controlled by Moscow and a nationalist communist regime controlled by the Yugoslav Communist Party. A native communist regime such as the one now existing in Yugoslavia imposes hardships and suffering upon the Yugoslav people but should such a regime be supplanted by one controlled by the Kremlin the Yugoslav people would be worse off than they are now.

While the meeting was in agreement that Stalin must make every effort to eliminate Tito, since Stalin's personal prestige as well as the basis of international communism is at stake, the consensus of opinion was that there were no indications at this time that the Soviet Union would engage in an open attack against Yugoslavia, although the possibility of such action in the future was not excluded. It was believed that a more probable line of Soviet action would be one of subversion, economic pressures, and attempts to disrupt Yugoslavia from within possibly through the use of militant agents and guerillas, and perhaps through an attempt to assassinate Tito. In connection with the latter, Ambassador Cannon felt that the disappearance of Tito would pose a very serious problem in terms of Yugoslav efforts to avoid Soviet domination, particularly since a struggle for power among his principal lieutenants might ensue which would result in the dissipation of any cohesive resistance to the U.S.S.R.

The question of whether the Titoist movement would spread to other satellites was also discussed and there was general agreement that because of geographic and other factors, including the presence of the Red Army and the lack of any organized opposition, there was no prospect at this juncture of a successful attempt to emulate Tito's action. Despite this, it was agreed that the success of the Tito movement had created a dividing influence within the neighboring satellites which should be exploited by the Voice of America and any other information media at our disposal, stressing particularly on the one hand independence from Kremlin domination that Yugoslavia has attained, and, on the other, the exploitation of the satellite countries by the Soviet Union.

It was agreed that the principal danger to the security of the United States was the Kremlin's control of the world communist movement as the chosen instrument for Russian expansionism. The military discipline which Moscow is endeavoring to impose on communist

parties throughout the world means that such parties operate as Soviet fifth columns which accept unhesitatingly and without question orders emanating from the Kremlin. Any and all movements within world communism which tend to weaken and disrupt the Kremlin's control within the communist world represent forces which are operating in the interests of the West and therefore should be encouraged and assisted.

It was also agreed that, barring unforeseen developments, the most critical period that Tito faces is the next six to eight months, during which the economic situation in Yugoslavia will seriously deteriorate—with grave social and political consequences—unless economic aid is forthcoming from the West. It was therefore agreed that not only the United States but the other western democracies should all be encouraged to study at once what steps can be taken to keep Tito afloat. Such a study should include the supply to Tito of certain military stocks, should he request them, to enable him to continue his resistance should the Cominform resort to large scale guerilla operations to liquidate his regime. Such across-the-board assistance would also have the added advantage of making it more difficult for hostile propaganda to portray Tito solely as a U.S. stooge.

## II. *East-West Trade* <sup>4</sup>

It was the general consensus of opinion of our Chiefs of Mission to the satellite states that the restrictions on east-west trade which have thus far been exercised have either contributed to a reduction of industrial output or have tended toward preventing the expansion of industrial production in the satellite countries. Another secondary but nonetheless very important contribution to the restrictions on exports to the Soviet Union and satellite states has been the fact that the satellite states, unable to obtain certain vital materials from the West, have called upon the Soviet Union to supply them. This has placed the U.S.S.R. in the position of having to refuse on the grounds of unavailability or of making promises which it does not keep. This causes an adverse reaction in the satellite states to the general effect that the Soviets are unable, or unwilling, to contribute to their economic well-being, and hence contributes to increased economic strain between Moscow and the satellites.

It was felt that fullest appropriate exploitation of economic controls should be pressed during the present period. Satellite economies are still suffering from war devastation, shortages, and forceful re-orientations directed from Moscow. Their dependence on imported capital equipment and industrial raw materials is so great that, when

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<sup>4</sup> For additional documentation regarding the policy of the United States with respect to trade with the Soviet Union and Eastern Europe, see pp. 61 ff.



related to communist promises to the people of economic benefits from communist rule, there is a broad field for effective action provided the countries of the West can concert. Also pertinent in regard to timing is the fact that western European governments may be more willing to cooperate at this time than they may be in the future when pressures to find markets for European production will have increased.

As for long-term policy, the meeting agreed as to the need for the U.S. to make an exhaustive study of the over-all problem, giving consideration to the necessity for west Europe to exchange its heavy industry products for raw materials somewhere; the possibility of positive action by west to develop alternate sources of supply of items, such as food, timber, etc., essential to Europe and now obtained from the east; and other basic elements. If the cold war is protracted, west Europe should endeavor to reach a condition where it is not dependent on the east for certain vital imports but in fact the east becomes increasingly dependent on the west. In other words, development of alternate sources of supply will strengthen the security of the west since it will make the west less vulnerable should the Soviet Union suddenly embargo shipments to the western European democracies. At the same time, development of such alternate supply sources will also increase the economic bargaining position of the west versus the east and will tend to relieve some of the present pressure to ship items or materials of strategic importance to the Soviet orbit.

The point made and generally agreed to was that it would not only be probably impossible of attainment but also undesirable to endeavor to cut off trade between the East and the West in Europe. Nevertheless, our policy and the policy of our friends in western Europe should be directed in such a manner that economic exchanges between the Soviet orbit and the West should result in a net advantage to the West. In other words, certain advantages would accrue to both sides, but our policy and controls should constantly be directed to ensure that the net relative advantage in the long run should reside in the West.<sup>5</sup>

### III. *U.S. Policy Toward the Soviet Satellite States in Eastern Europe*

The S/P top secret paper of August 29, 1949,<sup>6</sup> regarding U.S. policy toward the Soviet-satellite states in Eastern Europe was discussed at

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<sup>5</sup> According to the minutes of this conference (identified in footnote 1), the conferees engaged in an inconclusive discussion of civil aviation operations in Eastern Europe. Particular attention was devoted to the efforts of the British to extend their air service to Eastern European countries and their disinclination to preclude Eastern European civil aircraft from operating in Western European countries. For additional documentation regarding United States civil aviation policy in Eastern Europe, see pp. 184 ff.

<sup>6</sup> The reference here is to document P.P.S. 59, August 25, p. 21, subsequently circulated as UM D-56, August 29.



length by the group which unanimously endorsed the conclusions in the August 29, 1949, paper. These conclusions were:

"Our overall aim with respect to the satellite states should be the gradual reduction and eventual elimination of preponderant Soviet power from Eastern Europe without resort to war.

"We should, as the only practical immediate expedient, seek to achieve this objective through fostering Communist heresy among the satellite states, encouraging the emergence of non-Stalinist regimes as temporary administrations, even though they be Communist in nature.

"It must, however, be our fixed aim that eventually these regimes must be replaced by non-totalitarian governments desirous of participating with good faith in the free world community.

"More specifically, bearing in mind all of the qualifications set forth in the analysis of this paper, we should:

*a.* seek to bring about a retraction of Soviet military forces behind the borders of the U.S.S.R.;

*b.* endeavor to cause an increasing isolation of the confirmed Stalinists from the nationalist elements of the party and from popular support in the satellite states toward the end that their power be reduced;

*c.* attack the Stalinist dogma of satellite subservience to the U.S.S.R. and encourage nationalism;

*d.* bring fully to bear on the Soviet-satellite relationship the economic forces which we control or influence."

It was the consensus of opinion of our chiefs of mission from the satellite countries that the execution of the tactical plans to implement the above conclusions was of the greatest importance. While it was fully recognized that the tactics in the different Eastern European satellite countries might differ, it was recommended that our plans should be worked out carefully both by the Department and by the individual missions in the field with the maximum practicable coordination. The mission chiefs agreed that at the present time economic pressures against the Soviet-satellite states, coupled with proper use of the Voice of America and possibly other informational media, were the most readily available weapons. It was also agreed that tactical planning and implementation of such plans as are developed is a matter of great urgency and should be receiving the immediate attention of the appropriate elements of the U.S. Government.

#### IV. *U.S. Informational and Propaganda Efforts in Eastern Europe With Particular Reference to the Voice of America (VOA)*

It was the strong and unanimous opinion of the conferees that, in the satellite countries, the "Voice of America" at present is the most effective means of reaching the people and hence represents in that area one of our best available weapons in the cold war. It was pointed out that

in police-state regimes such as those in the satellite area, information carried by the VOA, while not published, is nonetheless passed on from individual to individual by word of mouth and that the VOA has on occasion been successfully used to force the government to admit certain news items about which it would otherwise have remained silent.

In furtherance of our basic objective of loosening the hold of Soviet power on Eastern Europe, it was emphasized that the VOA should continue its efforts to encourage "heresy" of the Tito type within the satellite countries. In this connection it was urged that the twin themes of (1) the state of vassalage and (2) the total economic exploitation of the satellites by the Soviet Union be emphasized and contrasted, where appropriate, with the international liberty of action the Yugoslav communist state enjoys as a result of its independence of the Kremlin. In following such a line, however, it was emphasized that great care should be taken to avoid implying in any way that Tito's Yugoslav state is a stooge of the western democracies.

It was also agreed that the closest liaison between the VOA and the individual missions was required to insure proper accuracy, timing and method of presentation of material.

The group felt that great caution should be exercised in using prominent political exiles or refugees in VOA broadcasts, since many of them have not only lost all touch with current opinion within their country but may, in addition, be completely discredited.

It was also agreed that in addition to the foregoing considerations it was of utmost importance for the VOA :

1. to establish a reputation for reliability and accuracy of factual reporting;
2. to be most careful in its choice of material and, where possible, to broadcast more information about events within the satellite countries;
3. to differentiate in broadcasts between the people and the Stalinist regimes which govern them, being careful, however, to avoid excessive criticism of internal events and too fervent and high flown moral eulogies on the boons and benefits of democracy.

#### *V. Discussion of Whether U.S. and U.N. Relief Agencies Should Continue Their Work in the Soviet Satellite States*

The London meeting of U.S. Chiefs of Mission in the Soviet satellite countries discussed the question of whether the continuation of the work of the U.S. and U.N. relief agencies in the Soviet satellite countries was in the interest of the United States. After considerable discussion the general conclusion was reached that this question was not one to which a general answer covering all the satellite countries could be given. On the contrary, there was agreement that the matter must be examined on a country basis with particular reference to the

relief agency involved, weighing very carefully the possible propaganda advantages derived from humanitarian activities as against the possible bolstering of the economy of the satellites resulting from such activity. (For example, enabling the satellites to obtain additional dollar exchange which would otherwise be unavailable.)

In conclusion, it was agreed that this particular problem was not one of great urgency since some of those relief agencies, such as UNICEF, which are still operating will probably cease functioning as of June 30, 1950 because of lack of appropriations. It was also agreed that while no general policy covering the area as a whole should be adopted at this time, it should be recommended that the Department consult the individual missions whenever a case in point arises.

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120.3 Conferences/10-2649 : Telegram

*The Assistant Secretary of State for European Affairs (Perkins) to  
the Secretary of State*

SECRET

LONDON, October 26, 1949—noon.

4277. From Perkins.<sup>1</sup> The staffing patterns for our satellite missions were discussed by our satellite mission chiefs. It was their strong consensus that the size of our staffs should be held to the lowest minimum consistent with existing requirements and responsibilities. The group felt very strongly that in selecting personnel, Department should place emphasis on quality rather than quantity and that in determining requirements, the estimate of the chief of mission should be the governing factor.

Re Deptel 3808, October 22,<sup>2</sup> the group does not at this juncture believe it advisable and practical to withdraw American employees not enjoying full diplomatic immunity. It does, however, recommend that in future, clerks proceeding to Iron Curtain countries as replacements should have diplomatic passports. The question of whether or not they will be on the diplomatic list will be decided by the chief of mission, depending on circumstances.

It was also the very strong belief of the mission chiefs that the NME staffing patterns for service attachés are unrealistic and that the

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<sup>1</sup> Assistant Secretary of State Perkins, who served as chairman of the London Conference of U.S. Chiefs of Mission to the Satellite States, October 24-26, transmitted this telegram through the facilities of the Embassy in London. For the Report on the Conclusions and Recommendations of the Conference, see p. 28.

<sup>2</sup> Not printed; it observed that the problem of the status of United States missions in Eastern European countries was becoming ever more pressing, and it expressed the hope that Perkins would explore the situation with the chiefs of mission, particularly the advisability and practicability of withdrawing all American employees not enjoying full diplomatic immunity (120.3 Conferences/10-2249).



number of such attachés should be reduced. Furthermore, it was the consensus that such attachés should be selected on the basis of experience in the intelligence field with a view further to utilizing their services in this field when their tour of duty is completed (rather than the present system whereby a number of service attachés are selected for duty in the satellite countries as a result of answering a general appeal for volunteers rather than on the basis of intelligence experience, and when their tours of duty are completed, they return to duty with their service branch instead of being further utilized by intelligence).

The group also recommends the Department study the possibilities of prompt and effective retaliatory action against the arbitrary restrictions and expulsions and arrests of personnel to which our missions in Eastern Europe are increasingly subjected. It is suggested that the possibility of concerted retaliatory measures be explored with foreign offices of Western states whose missions in the area are exposed to similar hardships.

[PERKINS]

740.00119 Council/11-749

*Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State*<sup>1</sup>

TOP SECRET

[WASHINGTON,] November 7, 1949.

There are attached a copy of the summary record of the meeting of the Ambassadors in Paris<sup>2</sup> and of the conclusions of the London meeting of the Ambassadors from the Satellite countries<sup>3</sup> of which a brief summary by topics follows:

[Here follows Section I, European Integration.]

<sup>1</sup> A note attached to the source text indicates that the original of this memorandum and its attachments were left with President Truman by Under Secretary of State Webb on November 10. At his meeting with President Truman on October 31, Under Secretary Webb informed the President that excellent results had been realized from the recent meetings of Ambassadors in London and Paris and that the President would shortly receive a full report. The President appeared to be very pleased at the outcome of the meetings (Memorandum by the Under Secretary of a meeting with the President, October 31; Secretary's Memoranda, Lot 53 D 444). In a brief memorandum of his meeting with the President on November 10, not printed, Under Secretary Webb observed that the President had taken the materials on the meetings of Ambassadors at London and Paris and said he would read it with great interest (Secretary's Memoranda, Lot 53 D 444).

<sup>2</sup> A meeting of principal United States Ambassadors in Europe was held in Paris, October 21-22, 1949. The discussions centered on German problems; questions of Western European cooperation in the military, political, and economic fields; and an appraisal of progress and setbacks in the cold war including such issues as the Yugoslav-Cominform controversy and East-West trade. For summary record of the meeting, under reference, and related materials, see vol. IV, pp. 472 ff.

<sup>3</sup> *Ante*, p. 28.

II. *The Yugoslav-USSR Controversy.* The Paris and London conferees both unanimously agreed that Tito's defection represents a challenge to Moscow's control of the world Communist movement, and that it should be an essential element of U.S. policy to keep Tito afloat. It was emphasized, however, at both conferences that we should avoid conveying the impression in any way that the present Tito regime is a democracy in our sense of the word. It was the consensus of the London conference that there is no indication that the Soviet Union will engage in an open attack against Yugoslavia and that a more probable line of Soviet action would be one of subversion, economic pressure, and attempts to disrupt Yugoslavia from within. It was agreed at both meetings that in such an event the West should be prepared if and when Tito requested it to replenish his military stocks. The conferees believed that, barring unforeseen developments, the most critical period that Tito faces is the next 6 to 8 months during which the economic situation in Yugoslavia would seriously deteriorate unless adequate economic assistance is received from the West. In discussing the question of whether the Titoist movement would spread to the other satellites, the London conferees in general agreed that at present there is no prospect of a successful attempt by another satellite to emulate Tito's action, but that the encouragement of the Tito type of "heresy" in the other satellites should be one of our principal objectives in the cold war.

III. *East-West Trade.* It was generally agreed at the Paris meeting that present U.S. policy on East-West trade should be reviewed to determine if it would be feasible to obtain greater effectiveness and it was the consensus that action must be concerted multilaterally, with the U.S. participating, if the most effective results are to be obtained. Mr. Harriman pointed out, however, that while controls and restrictions on the export of strategic items and materials to the Soviet area was of utmost importance, we can not afford to stop all trade between the Western world and the Soviet world since this would prevent Western European recovery. This conclusion was endorsed by the meeting of the Ambassadors from the satellite countries in London. The London conferees agreed that the restrictions on East-West trade have contributed to a reduction in industrial output or have prevented the expansion of industrial production in the Soviet orbit and have further had the effect of forcing the satellites to call upon the Soviet Union to supply them, which it has on the whole been unable to do, thus increasing the economic strain between the USSR and the satellites.

The London conferees were of the opinion that the fullest exploitation of economic controls should be pushed now and that the U.S. should make a study of the overall problem of East-West trade giving

consideration to the need for western Europe to obtain alternative sources of supply for its raw material needs. The development of such alternative sources would not only greatly reduce the dependence of the West on the Soviet controlled area but also might bring about a situation in which the East would become dependent on the West for supplies.

IV. *U.S. Policies Toward the Soviet Satellite States.* The London Conference agreed with the conclusions of a Departmental paper concerning our policies toward the Soviet satellite states which are:

1. That we should aim at the gradual reduction and eventual elimination of preponderant Soviet power from Eastern Europe without resort to war.

2. That we should seek to achieve this through fostering Communist heresy and encouraging the emergence of non-Stalinist, even though Communist, regimes as temporary administrations.

3. That we should aim at the eventual replacement of these regimes by non-totalitarian Governments.

4. That we should seek to bring about a retraction of Soviet military forces behind the borders of the USSR, foster increasing isolation of the confirmed Stalinist from the nationalist elements of the Communist party and from popular support in the satellite states, attack the dogma of satellite subservience to the USSR, encourage nationalism, and bring fully to bear the economic forces which we control or influence.

V. *U.S. Informational and Propaganda Efforts in Eastern Europe.* It was the strong and unanimous opinion of the London conferees that in the satellite countries the Voice of America is the most effective means of reaching the people and hence represents in that area one of our best available weapons in the cold war.

VI. *Announcement of Soviet Atomic Bomb Explosion.* The Paris conferees all agreed that the Soviet atomic explosion has made no appreciable impression in their countries and Ambassador Kirk stated that the Soviet people also seemed largely unmoved and prepared to accept the Soviet Government's explanation that it has possessed the atomic secret since 1947.<sup>4</sup>

[GEORGE W. PERKINS]

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<sup>4</sup> On September 23 President Truman announced that the United States had detected a Soviet atomic explosion. A statement by the Soviet news agency Tass a few days later indirectly confirmed the event. For documentation on this event, see vol. 1, pp. 419 ff.



800.00B Communist International/12-349: Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET

Moscow, December 3, 1949—noon.

3004. General impression of Soviet appraisal their position and prospects as reflected Cominform Communiqué (Embtel 2961 November 29<sup>1</sup>) reinforces estimate based tenor Stalin's telegram to Pieck<sup>2</sup> and Malenkov's November 6 speech,<sup>3</sup> namely that Soviets again tend believe as they did mistakenly in 1947 that tide of world events is running in their favor; hence they are mobilizing all forces to reap maximum revolutionary harvest expected as sequel to World War II. In this context, while overthrow of Tito appears as important immediate objective, primary long-range objective in Europe is of course Germany, with strong supporting action in other countries, especially France and Italy (notes special attention given by Communiqué to winning Catholic workers). At same time Communiqué highlights important developments over which Soviets are especially concerned: (1) Tito situation; (2) Communist labor losses as exemplified by London contest ICFTU;<sup>4</sup> (3) NAT; and (4) Western Union.

<sup>1</sup> Representatives of the Communist (or Workers') Parties of the Soviet Union, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Italy, and France held a meeting of the Communist Information Bureau (Cominform) during the last week of November 1949 in Hungary. The representatives unanimously adopted three resolutions: "Defense of Peace and Struggle Against the Warmongers" presented by Mikhail Andreyevich Suslov, member of the Politburo of the Communist Party of the Soviet Union; "Working Class Unity and the Tasks of the Communist and Workers' Parties" presented by Palmiro Togliatti, Secretary General of the Italian Communist Party; "The Yugoslav Communist Party in the Power of Murderers and Spies" presented by Gheorghe Gheorghiu-Dej, Secretary of the Romanian Workers' Party. English language versions of the resolutions appeared in the November 29 edition of the Cominform journal *For a Lasting Peace For a Peoples' Democracy*. A copy of that text was transmitted to the Department of State as an enclosure to despatch 490, December 10, from Bucharest, not printed (800.00B Communist International/12-1049). English translations of the Russian texts of the resolutions appearing in the Soviet press on November 29 are printed in *Current Digest of the Soviet Press*, January 3, 1950, pp. 10-12. A summary of the resolutions was transmitted in the telegram under reference here, not printed (800.00B Communist International/11-2949).

<sup>2</sup> The reference here is to the message of October 13 from Marshal Stalin to Wilhelm Pieck, Prime Minister of the newly established Communist regime in East Germany—the German Democratic Republic. For documentation on the establishment of the regime, see vol. III, pp. 505 ff.

<sup>3</sup> The reference here is to the speech by Georgi Maksimilianovich Malenkov, Secretary and member of the Politburo of the Communist Party of the Soviet Union, on the occasion of the 32nd anniversary celebration of the Bolshevik Revolution. For the full text of Malenkov's speech, see *Current Digest of the Soviet Press*, November 22, 1949, pp. 1-10; for extracts from the speech, see *Survey of International Affairs 1949-1950*, pp. 129-139. For Embassy Moscow's initial impressions of the Malenkov speech, see telegram 2791, November 7, from Moscow, p. 671.

<sup>4</sup> A new world labor federation (International Confederation of Free Trade Unions) created as a democratic rival of the Communist-dominated World Federation of Trade Unions was formally established at the international conference of trade unions held in London, November 28-December 9, 1949.

Grounds of Soviet confidence are alleged strengthening of "Socialist" camp, weakening of "Imperialist" camp. Among contributing causes Embassy believes special importance attached in Soviet thinking to China victory and to "gathering economic crisis" in non-Communist countries (which probably long awaited as major factor in Soviet strategic timing). Significant that such crisis was alluded to, though less positively, by both Zhdanov and Molotov in 1947 (at original Cominform meeting and on November 6, respectively<sup>5</sup>) whereas not mentioned in November 6 speeches 1946 and 1948<sup>6</sup> (Zhdanov, Molotov). China victory means enormous change in pictures since 1947. Hence 1949 Cominform Communiqué and November 6 speech by Malenkov express highest point Soviet aggressive confidence since end of war. Communiqué uses somewhat less bellicose language than Malenkov speech, but this probably due difference of occasion, not change of view; 1947 Cominform Communiqué shows similar difference from November 6 speech.

High tide of Communist world hopes plus usual Communist strategy combatting developments their [*they*] dislike with shrill propaganda probably dual reasons why Communiqué issued at this time. Tactical factors in timing may have been London World Labor Conference and recent taunts from Belgrade that Cominform of no account, organized solely against Tito (Belgrade's despatch 332 September 27 and telegram 994 to Department September 26<sup>7</sup>). Meeting presumably explains recent rumors of secret gathering at Galyateto (Budapest's 1297 to Department November 18<sup>8</sup>). Fact of meeting suggests Cominform organization will be maintained at least for immediate future rather than changed into revived Comintern (Embassy's A-320 March 28<sup>9</sup>).

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<sup>5</sup> Under reference here is the speech on the international situation made by Andrey Aleksandrovich Zhdanov, member of the Politburo of the Communist Party of the Soviet Union, at the conference of representatives of the Communist Parties in Poland in late September 1947 at the time of the founding of the Communist Information Bureau, and the speech by Vyacheslav Mikhailovich Molotov, member of the Politburo of the Communist Party of the Soviet Union and then Soviet Foreign Minister on the occasion of the 30th anniversary of the Bolshevik Revolution. For the full text of Zhdanov's speech, see *Informatsionnoe soveshchanie predstavitelei nekotorykh kompartii v Pol'she v kontse sentyabrya 1947 goda* (Moscow: 1948), pp. 13-48; for extensive extracts from the speech, see Margaret Carlyle, Editor, *Documents on International Affairs 1947-1948* (New York, London, Toronto: Oxford University Press, 1952), pp. 125-137. For extracts from Molotov's address, see *ibid.*, pp. 141-146.

<sup>6</sup> For commentary by the Embassy in Moscow on Zhdanov's speech of November 6, 1946, see *Foreign Relations*, 1946, vol. vi, pp. 801-802 and 804-806. For extracts from Molotov's address of November 6, 1948, see *Documents on International Affairs 1947-1948*, pp. 147-153.

<sup>7</sup> Neither printed.

<sup>8</sup> Not printed.

<sup>9</sup> Not printed. In it the Embassy in Moscow observed that it had no concrete evidence to support the rumors that Soviet leaders were planning to re-establish the prewar Communist International. The Embassy nevertheless felt that the



Content of resolutions offers no radical surprises but analysis nevertheless useful for clues to overt aspects of Communist operations. General pattern conforms to regular prescription for building Communist power pyramid: CP directs working class (this is what "unity" means) which in turn is dominant element in rallying masses for "peace". Strategic significance of "peace" drive plainly indicated as furnishing mass base for (a) revolution in ripe countries, (b) crippling "Imperialist" intervention by remainder. Bolsheviks have never forgotten that mass craving for peace made possible their original seizure of power. Fact that parties stimulated to mobilize mass base suggests Soviets anticipate opportunities for successful revolution may ripen by time mobilization reaches peak. Similar mobilization within working class indicated by drive for "unity". Play for Catholic workers cleverly put in terms of degree collaboration which is not banned by Pope.

1949 Communiqué, unlike 1947, plainly indicates how drives for peace and unity intended to take revolutionary turn—note especially paragraph in resolution 2 about "solution of problems confronting proletariat as class directing struggle for elimination power of monopoly capital". Mention of effects of economic crisis, capitalist depression of workers' living standard, Fascist infringement of democratic liberties indicates factors to be exploited in heightening class war. Call for "unity from below" isolating Rightist Social-Democrats from masses indicates further stress on classic tactics of "united front from below" (Paris 5006 to Department November 30<sup>10</sup>) generally used until mid-1930's and revived after Hitler threat eliminated. Note reference to struggle for governments of national unity in capitalist countries, meaning Communist participation in governments as in first stage of people's democracies.

Army, Navy, Air, Attachés jointly view Communiqué, not withstanding China situation, as stemming from a feeling of frustration induced by growing obstacles in the form of Marshall Plan, NAT, MAP and Tito defection which have already caused them material setbacks. Fact that Soviet plans in many respects are being effectively deflated is evident from emphasis Tito, labor "disunity," NAT and Western Union. Tito heresy strikes at principle of Soviet-controlled World Revolution as fundamental as does increasingly manifest desertion Communist ranks by World labor forces. NAT, MAP, German Federal Republic hit their aggressive designs nearest home and in

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current "two worlds" split and the substitution in Soviet ideological presentations of "Anglo-American monopoly capitalist forces" for "fascist imperialism" had overcome the reasons for the official "liquidation" of the Communist International (800.00B Communist International/3-2849).

<sup>10</sup> Not printed.



most vulnerable spot. Consciousness losses in Italy, France, etc. also major discouragement calling forth appropriate bombast.

However, on balance Embassy believes Communiqué displays degree optimism on World front based effect China and hope economic difficulties West not apparent intervening pronouncements since 1947. Communiqué's warning for example, against underestimating danger of war is logically necessary prevent claims of increased strength of "peace" camp from taking edge off peace drive. Embassy trusts that their over-estimation of effect of China victory and of "economic crisis" will lead to defeats paralleling those of 1947 and 1948 (e.g. French and Italian strikes and Italian elections). Economic disunity of Free World of which Soviets keenly aware seems most serious factor in their favor.

Therefore must be alert to further intensification of effort on part of Soviets and also believe that now is the time to increase our efforts further to exploit our own successes.

Please pass Defense and by pouch Belgrade.

Sent Department 3004. Department pass London 327,<sup>11</sup> Paris 422, Frankfort 87.

KIRK

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<sup>11</sup> Telegram 4880, December 8, from London, repeated to Moscow, not printed, reported that the British Foreign Office felt that the Cominform Communiqué indicated that world Communism was, on balance, in an essentially defensive posture. The Foreign Office thought that the Soviet Union overestimated the effect of the Communist victory in China. The British also felt that the current unsatisfactory economic situation in the West might passively contribute to the advantage of the West insofar as Soviet dependence on the notion of the "inevitable" failure of capitalism made less likely Soviet initiation of positive malicious moves against the West (800.00B Communist International/12-849).

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S/S-NSC Files, Lot 63 D 351, NSC 58 Series

*Report to the President by the National Security Council*<sup>1</sup>

TOP SECRET

WASHINGTON, December 8, 1949.

NSC 58/2

UNITED STATES POLICY TOWARD THE SOVIET SATELLITE STATES IN  
EASTERN EUROPE

THE PROBLEM

1. To examine the courses of action open to the United States which are calculated to reduce and eventually to eliminate dominant Soviet

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<sup>1</sup> The original version of this paper, PPS 59, August 25 (p. 21) was circulated to the National Security Council for information as document NSC 58, September 14. At the request of the Department of Defense and with the concurrence of the Department of State, NSC 58 was referred to the National Security

influence in the satellite states of Albania, Bulgaria, Czechoslovakia, Hungary, Poland and Rumania.

#### ANALYSIS

2. Since VE Day we have (a) checked the westward advance of Soviet power, at least for the time being, at a line running from Lubeck to Trieste and (b) made substantial strides in developing Western Europe as a counter force to communism. These are defensive accomplishments. The time is now ripe for us to place greater emphasis on the offensive to consider whether we cannot do more to cause the elimination or at least a reduction of predominant Soviet influence in the satellite states of Eastern Europe. Under the Charter of the United Nations the sovereign equality of all states and the universal respect for human rights and fundamental freedoms are two of the basic principles of the United Nations. Thus, our efforts to restore the independence of the satellite countries and to enable them eventually to choose governments which would observe fundamental freedoms and human rights of their people are fully in conformity with the interest of the world community and with our position as a loyal member of the United Nations. Our action, in concert with other nations signatory to the Peace Treaties with Bulgaria, Hungary, and Rumania, in pressing the issue of the violations of the human rights clauses of the Peace Treaties is intended to reaffirm our support of those fundamental principles, to demonstrate our continued interest in the welfare of the peoples of Eastern Europe, and to exert such influence and pressure as is possible on the satellite governments.<sup>2</sup>

3. These states are in themselves of secondary importance on the European scene. Eventually they must play an important role in a free and integrated Europe; but in the current two-world struggle they have meaning primarily because they are in varying degrees politico-

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Council Staff for study, revision, and preparation of a Report to the Council. The principal revisions to NSC 58 proposed by the NSC Staff were circulated to the Under Secretary's Meeting as document UM D-56/1, November 28. The revisions are reflected in the text printed here. The Under Secretary's Meeting of November 30 reviewed UM D-56/1. The revised paper was subsequently reviewed and further revised by NSC consultants representing the Department of State, the Department of Defense, and the National Security Resources Board. All of the emendations and additions were incorporated in a revised Report designated NSC 58/1, December 6. At its 49th Meeting, December 8, the National Security Council adopted NSC 58/1 subject to the addition indicated in footnote 2, below. As of December 13 President Truman approved the Conclusions of this Report and directed that they be implemented by all appropriate executive departments and agencies of the government under the coordination of the Secretary of State.

The information set forth here is derived from the S/S-NSC Files, Lot 63 D 351, NSC 58 Series.

<sup>2</sup>The final sentence of this paragraph was not included in NSC 58/1, December 6 but was added in accordance with the decision reached by the National Security Council at its meeting on December 8.

military adjuncts of Soviet power and extend that power into the heart of Europe. They are a part of the Soviet monolith.

4. It is assumed that there is general agreement that, so long as the USSR represents the only major threat to our security and to world stability, our objective with respect to the USSR's European satellites must be the elimination of Soviet control from those countries and the reduction of Soviet influence to something like normal dimensions.

#### *General Comment Regarding Satellites*

5. The criterion which we employ in defining a "satellite" state is amenability to Kremlin direction. Thus Albania, Bulgaria, Czechoslovakia, Hungary, Poland and Rumania are by this definition satellite states. Yugoslavia is not because, although it is a Communist state, it is not at present subservient to the Kremlin nor an integral part of the Soviet system. Nor is Finland; because, notwithstanding the existence of a large Soviet naval base on its territory, Finland has demonstrated on the whole a greater degree of resistance to than compliance with Soviet pressure and has, in particular, been able to resist internal police domination by the MVD.

6. Certain generalizations can be made about the satellite states. For the most part, they were overrun by the Soviet Army during or after the war. Their present governments were established by Kremlin dictate or under Moscow guidance. And they are all minority governments dominated by communists. In particular, internal police power, which is the key factor in a communist power system, is under Moscow control.

7. Moreover, the satellite states have under Soviet compulsion re-oriented their economies from the west to the east. The Kremlin forced this readjustment with the purpose of exploiting the satellites for the aggrandizement of Soviet economic-military might and preventing their contact with the West. Moreover, the satellite economies are being steadily Sovietized. The Soviet pattern of state monopoly of trade and industry and of collectivized agriculture is being rapidly forced on these countries.

8. The cultural life of the satellite peoples, too, is being steadily Sovietized. A common pattern in education, religion, science and the fine arts is being pressed on the mind and spirit of Eastern Europe.

9. These developments do not have popular support in the satellite countries. The great majority of the population in these states look upon their governments and the Soviet Union as an oppressive rather than an emancipating force and are opposed to the Communist regimes imposed on them. The strongest opposition is found among the religious elements and the peasants. Communist efforts have been di-



rected toward separating the opposition elements and destroying their organization and leadership one at a time. The communists at first turned their efforts to the elimination of organized underground groups and anti-communist political parties. Then the communists directed their attacks against the various religious organizations. The Orthodox Church, mainly represented in the Balkans, succumbed and is now a subservient communist instrument. The communist regimes in the northern satellites are now carrying on a relentless campaign to neutralize the powerful influence of the Catholic Church. Next on the communist timetable will probably be the peasants, whose anti-communist stand has thus far delayed the widespread collectivization of agriculture. These tactics, backed by the usual communist methods of police power and intimidation, have made it possible for the communists to impose their will on a population predominantly anti-communist. Completely overpowered, impotent and unorganized, the majority has been able to exercise little or no influence on national or international affairs. These large non-communist majorities could, however, become of potential value to the free world and to the United States if preponderant Soviet power in Eastern Europe were removed or if war should develop. All communists, whether heretical or orthodox, are by faith dedicated to the over-throw of our way of life. This fact should be borne in mind in any temporary-expedient support of a communist regime. The devotion of the American people to the principles of liberty and freedom precludes the United States from cynical disregard of the large non-communist majorities among the peoples of Eastern Europe, now impotent under police-state regimes. These majorities can become an important asset to the eventual development of non-communist administrations and of important value to the United States in the event of war.

*The Anatomy of Soviet Power in the Satellite States*

10. What is the anatomy of Soviet power in these countries? The four basic factors making for Soviet influence and control are:

a. Certain traditional ties, such as Pan-Slavism and the Orthodox Church, and in some segments of the Satellite population a common fear of the resurgence of German aggression;

b. The presence or encircling propinquity of recognized elements of the Soviet armed forces and security troops;

c. Kremlin penetration and domination of the government, the party, and all other mass organizations (including economic enterprises) through both Soviet and satellite nationals;

d. A common body of communist ideology adhered to by the ruling groups.

11. Where they exist, the traditional ties of race and culture are systematically utilized by the Kremlin as a binding force. Similarly,

fear of the resurgence of German aggression is vigorously exploited by the USSR to hold these satellites in the Soviet sphere. The shabby old fabric of Pan-Slavism has been patched and tailored to serve as a rather ineffectual ethnographic and cultural comforter over Eastern Europe. The corrupt Orthodox Church, which had provided a loose religious affinity between Russia and some of the Balkan countries, has been recorrupted and forced away from the oecumenical concept and in the direction of recognizing the primacy of the Moscow Patriarchate, which in turn is thoroughly subservient, in fact if not in spirit, to the Communist Party and the MVD.

12. The presence of Soviet armed forces and security troops in certain satellites and their near-encirclement of all of them exert an intimidating influence throughout the orbit. Where Soviet forces are garrisoned within satellite states, they serve to reinforce the authority of puppet officials.

13. Stalinist penetration of the governments and mass organizations of satellite states is a tangible mechanical instrument of Soviet power. It is the Kremlin's reinsurance against ideological corruptability on the part of satellite officials, the guarantee that its political, economic and cultural policies will be implemented. The terming of all satellite organizations, but particularly the leader positions in police organizations, by Stalinist agents means that no satellite citizen in a position of responsibility is immune from the Kremlin's displeasure. This produces a degree of sensitive subservience which could never be achieved through ideological hypnotism alone.

14. There are three discernible strata in the accreted ideology of Marx, Lenin and Stalin. There is first the traditional conglomerate of Marxist-Leninist philosophy based on dialectical materialism. Quackery that it is, it is nevertheless an outlook on the world adhered to in common not only by the USSR and its satellites but also by such non-conformists as Tito and the Trotskyites. Whatever differences may divide them, whatever opportunist accommodations they may be forced to make to the mammon of private capitalism, they are united in common detestation of the infidel *bourgeoisie*.

15. The second stratum is the Leninist-Stalinist blueprint for the capture and retention of power. It is the working formula for totalitarianism, the modern science of revolution, coup d'état and tyranny. From the Russian revolution to the Czech coup,<sup>3</sup> this formula has been proved effective. It is not, however, of itself a force binding the satellites to the USSR.

16. The third stratum is specifically designed as a magnetic law to hold the satellites in the Kremlin's orbit. It is the Stalinist dogma that

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<sup>3</sup> February 1948.



(a) the non-Soviet world is unalterably hostile to not only the USSR but all of the "New Democracies" simply because their goal is communism, (b) the USSR is the socialist fatherland, leading a movement predestined to triumph over the non-Soviet world, (c) the satellite states can survive and realize their destiny only through identification of their interests with those of the USSR, faithfully following the infallible and invincible leadership of the Kremlin, and (d) the citizens of the satellites therefore owe primary allegiance to the USSR. It is this dogma which provides the rationalization for the imposition of Soviet imperialism in all of its aspects, political, economic and cultural, and for satellite acceptance of a colonial status. It should also be noted that the inclination of the West—a quite understandable one—to act on the basis of (a) above tends to reinforce this myth and causes the satellite leaders to believe that they have no future outside of the Stalinist camp.

17. Three of the basic factors identified in preceding paragraphs: (a) military intimidation, (b) penetration and (c) the Stalinist dogma are the root cause and the conditioning force of other mechanisms of Kremlin power and influence in the satellites. Such derivative factors as the Council of Mutual Economic Assistance (and the reverse of this medal: the prohibition of satellite participation in ERP), standardization of military equipment, defensive alliances and common propaganda lines would not necessarily have developed had it not been for these three basic factors. While the derivative factors are of secondary importance in an analysis of the real anatomy of Soviet power, they are of great practical significance in considering what we can do toward reducing Soviet influence and control in the satellite states. It is in that context, later in this paper, that these mechanisms, particularly the economic, will be examined.

18. Returning to the basic factors, where are the weak points in this anatomy of Soviet influence and control? The weakness of the traditional ties between the USSR and its satellites lies in their comparatively shallow hold and in the traditional conflicts of the area, which have historically always outweighed the cohesive influences at work. Pan-Slavism may have some meaning in Bulgaria but it is an absurdity in Albania. And certainly the long-standing national antagonisms of the Poles, Rumanians and Hungarians toward the Russians—not to mention mutual antipathies among the satellites themselves—are strong counter-currents to the new Stalinist internationalism.

19. The Kremlin's weakness with respect to its armed forces stationed in countries of the Soviet orbit lies in the fact that they are there on a legally impermanent basis—unless new treaty provisions are made or the satellite states in which they are stationed are ab-



sorbed into the USSR. The removal of Soviet troops will, under present circumstances, leave the other instruments of Soviet influence and control without legal resort to the ultimate recourse of massive force.

20. Few weaknesses exist in the crucial factor of Stalinist penetration. With Kremlin agents permeating party and state structures and with mutual suspicion and denunciation having become, as they are in the USSR, ingrained in all human relationships, this channel of influence and control appears well nigh invulnerable. Its only weakness would appear to lie in its self-stultification and demoralization—the recurring necessity to purge personnel—and in the nationalist resistance which constant Soviet interference partially generates and inflames. Such, after all, has been the experience in certain of the minority “nations” of the USSR—the Ukraine and the Baltic states. Moscow penetration and interference in these sub-states provoked resistance, most of which could be suppressed by individual or small-scale secret police measures. But some revolts were of such magnitude as to require employment of the Red Army and State Security troops. Furthermore, the elements of the Red Army and State Security troops employed were not native to the “nation” in which they were used. This experience raises again the question of the efficacy of Stalinist agent penetration in the event the Soviet Army is withdrawn behind the borders of the USSR.

21. The weakness of the ideological hold which the Kremlin exerts over the satellite leaders lies in the Stalinist dogma of subservience to the USSR, particularly the dictum that satellite interests cannot and must not conflict with those of the USSR. That myth, happily, is the weakest segment of the accreted ideology of Marx, Lenin and Stalin. It engenders essentially the same popular reactions that colonialism has produced throughout history for it is in fact a form of colonialism. The myth quickly loses its attraction for all those with real roots in the local scene once it becomes apparent that satellite interests, particularly in the economic field, must be subordinated to the imperious needs of the Soviet sovereign. This development must also have its effect on even those satellite leaders who view Moscow as the center of a new internationalism. The Stalinist dogma undoubtedly had validity in the minds of satellite leaders when they were revolutionaries seeking power. At that time, there was little conflict between their interests and those of the Kremlin; they were wholly dependent upon Moscow and could hope to realize their revolutionary aims—and personal ambitions—only through subserving the interests of the USSR. But now that they have the appearance and considerable of the substance of power, subtle new forces come into play. Power, even the taste of it, is as likely to corrupt communist as bourgeois leaders. Considerations of national as well as personal interest materialize and come into con-

flict with the colonial policy pursued by the Soviet interests. When this happens, satellite officials may still remain, by force of other factors, Kremlin captives; but at least they are not entirely willing ones.

### *The Lesson of Tito*

22. In examining the problem before us, it is instructive to analyze the reasons for Tito's present independence of Moscow control. How does it happen that Yugoslavia is not solidly aligned with the USSR and its satellites?

23. The answer obviously does not lie in the realm of ideology. Yugoslavia's state philosophy, like that of the USSR and its satellites, is Marxism-Leninism. Furthermore, Tito rose to power and now retains it by a sedulous application of the Leninist-Stalinist blueprint for totalitarianism. It is only in the third ideological stratum—that of subservience to the interests of the USSR—that Tito openly deviates ideologically from the satellites. How has he been able to do it?

24. The key to Tito's successful rejection of Kremlin control lies in the fact that (a) the Yugoslav Communist Party was largely his personal creation, (b) the Soviet Army did not occupy Yugoslavia and establish there an ultimate repository of Kremlin force, and (c) he had been able from the outset to prevent effective Stalinist penetration of his party and governmental apparatus.

25. This having been the case, Tito and his associates were able to develop a party, secret police and army who had confidence in themselves, particularist pride in their own achievements—and whose first loyalty was to themselves. They have therefore been thus far, in the conflict and showdown with the USSR, immune to Stalinist disciplinary action against their persons. It is ironical that the Kremlin-Cominform attack has served to strengthen the domestic position of Tito and his cohorts and to solidify popular support around them.

26. Why did a rift occur between Tito and the Soviet bloc? The answer lies both in the nature of the Yugoslavs and in the nature of Soviet imperialism. The Kremlin made a gross miscalculation regarding the Yugoslav Communists. It underestimated the tough recalcitrant Yugoslav character and the organizational ability of the Titoists to resist Soviet pressure. With a heavy hand the Kremlin strove to force its colonial policy on Yugoslavia. As it did so it engaged its prestige against the Titoists. As arrogant Soviet pressure mounted, Yugoslav resistance increased until the open break occurred.

27. Notwithstanding the bitterness of their present quarrel, the Marxist-Leninist bond between the Kremlin and the Titoists remains. Let us not delude ourselves into thinking that Tito might like us better for being the butt of a communist family feud. The best that we can hope from Tito is crafty self interest in playing both sides . . .



Uncongenial as such a relationship may be, it is far less inimical to us and other nations of good will than a Yugoslavia cemented into the Soviet monolith.

28. The Communist Reformation in Yugoslavia occurred quickly and was sharply defined because of the especial conditions described in the preceding paragraphs. Conditions do not now exist in the satellite states which would permit them promptly to follow the pattern of Yugoslavia. The leaders of the satellite states did not come to power primarily through their own efforts. Most of them were transplanted from Moscow by the Red Army and Soviet secret police. The satellite leaders do not therefore have the particularist *esprit de corps* of the Titoists. Rather their parties and governments are thoroughly penetrated by Stalinists with the result that any conspiracy against Kremlin control is quickly detected, isolated and crushed. Furthermore, their armies contain informers and agents. And finally, Soviet armed forces are stationed on satellite territories or around their borders.

#### *Courses Open To Us*

29. In seeking to bring about the elimination of Soviet power from the satellite states, two principal courses of action are conceivable. One is war; the other is measures short of war.

30. Resort to war as a course of action is raised in this paper solely for the purpose of making clear that it should be rejected as a practical alternative. This course is rejected, if for no other reason, because it is organically not feasible for this Government to initiate a policy of creating a war. It therefore follows that this paper is necessarily addressed to measures short of war. However, if war in Eastern Europe is forced upon us, that is a different matter and one which would create a wholly new situation beyond the compass of this paper. It scarcely need be added that we should always be prepared for such a contingency.

31. There remains then the category of measures short of war. Before discussing them, we should at the outset have clearly in mind another set of alternatives between which we must make a conscious choice. In attempting to cause an elimination of Soviet power in these countries, we obviously cannot expect a vacuum to result. The type of government which might succeed to power is intimately related to the removal of Kremlin influence and control. Therefore, should it be our aim to replace, as a first step, Kremlin authority with (a) governments immediately friendly to us or (b) any governments free of Moscow domination, even though they be communist regimes?

32. Our ultimate aim must, of course, be the appearance in Eastern Europe of non-totalitarian administrations willing to accommodate



themselves to, and participate in, the free world community. Strong tactical considerations, however, argue against setting up this goal as an immediate objective. None of the Eastern European countries, except Czechoslovakia, has ever known any but authoritarian government. Democracy in the western sense is alien to their culture and tradition. Moreover, the non-totalitarian leadership, such as it is, in the satellite states has been thoroughly fragmented and crushed. It has little chance of coming to power save through armed intervention from the west. Were we to set as our immediate goal the replacement of totalitarianism by democracy, an overwhelming portion of the task would fall on us, and we would find ourselves directly engaging the Kremlin's prestige and provoking strong Soviet reaction, possibly in the form of war or at least in vigorous indirect aggression. At best, we would find ourselves deeply enmeshed in the eastern European situation and saddled with an indefinitely continuing burden of political, economic and military responsibility for the survival of the uncertain regimes which we had placed in power.

33. If, however, we are willing that, as a first step, schismatic communist regimes supplant the present Stalinist governments, we stand a much better chance of success. Admittedly, it would be a difficult task to attempt to bring about a severance of satellite ties with the Kremlin. But it would not be nearly so difficult as challenging at the outset, not only the whole complex of communist ideology and method, but also the long heritage of authoritarianism.

34. The more feasible immediate course, then, is to foster a heretical drifting-away process on the part of the satellite states. However weak they may now appear, grounds do exist for heretical schisms. We can contribute to the widening of these rifts without assuming responsibility. And when the final breaks occur, we would not be directly involved in engaging Soviet prestige; the quarrel would be between the Kremlin and the Communist Reformation.

35. Such a development could conceivably grow to the point where there would be two opposing blocs in the communist world—a Stalinist group and a non-conformist faction, either loosely allied or federated under Tito's leadership. A situation of this description might eventually provide us with an opportunity to operate on the basis of a balance in the communist world and to foster the tendencies toward accommodation with the West implicit in such a state of affairs.

36. With the foregoing in mind, let us now consider the most evidently beneficial course which we can follow. The obvious first step, perhaps even an essential prerequisite, is the creation of circumstances bringing about the withdrawal of Soviet troops from satellite countries. The conclusion of an Austrian peace settlement would remove

the most evident present justification for Soviet troops in Hungary and Rumania. Similarly, an agreement by the four powers with respect to Germany, if and when it is achieved, should include provisions assuring preferably an elimination but at least a reduction of Soviet garrisons in Germany and Poland. These developments might, if acquiesced in by the USSR, help to loosen the Kremlin's hold not only on the states affected but also on adjoining satellites. On the other hand, there is no guarantee, of course, that such a move might not be followed by Soviet-satellite treaty arrangements or the Soviet Union's incorporating some or all of the satellites in the USSR, thus proving a new legal basis for the retention of Soviet forces in those countries. In such an eventuality, a new situation would have been created necessitating a full reexamination of this paper.

37. A second course open before us is to attack the weaknesses in the Stalinist penetration of satellite governments and mass organizations. In the light of what has been said, this will be no easy task. The weaknesses discussed in paragraph 20 do represent, however, a vulnerable sector on this front, especially if Soviet armed forces are withdrawn behind the borders of the USSR. The basic problem would seem to be to bring about the isolation, not only in satellite society, but particularly in the Communist Parties, of the Stalinist elements, and as they are identified and isolated, to create conditions which will reduce and eventually eliminate their power. . . . The propensity of the revolution to devour its own, the suspicions of the Kremlin regarding its agents and the institutions of denunciation, purge and liquidation are grave defects in the Soviet system which have never been adequately exploited.

38. This course is intimately related to and partly dependent upon the third course of action open to us—an attack on the ideological front, specifically directed at the Stalinist dogma of satellite dependence upon and subservience to the USSR. This key doctrine should be unremittingly attacked all across the board in its political, economic and cultural applications with emphasis on the fact that it is destructive of the fundamental right of states under the Charter of the United Nations to political independence. On the positive side, the reverse of the Stalinist dogma—nationalism—should be encouraged. The offensive should be maintained not only on the overt but also the covert plane. In our public positions we should consistently revert to the proposition that in our policies toward the satellites we are motivated by our adherence to the purposes and principles of the world community as embodied in the United Nations.

39. The subsidiary mechanisms of Soviet control touched upon in



paragraph 17 are of varying vulnerability. It is difficult to see, for example, how we can bring pressure to bear against such mechanisms as Soviet military missions in satellite states. The political and cultural fields, however, offer possibilities for the exertion of our influence. For instance, through formal diplomatic channels and within the United Nations, we have some opportunity to bring pressures to bear on the political ties between the satellite governments and the USSR. The question of possible admission to the United Nations of some or all of those satellite countries which are not members might be given consideration in this connection. And in our general ideological offensive mentioned in the preceding paragraph, we should not neglect pressing the attack, necessarily indirectly in most cases, against specific instrumentalities such as the various "popular" organizations in the satellite states.

40. But it is probably in the economic realm that we can most concretely make our influence felt. All of the Soviet economic mechanisms of control, particularly the Council of Mutual Economic Assistance, are affected by the policies which we follow with regard to such matters as East-West trade, purchase of gold and export controls. The potential effectiveness of our economic tactics is widespread. If we can succeed in jolting the Council of Mutual Economic Assistance structure, the repercussions are bound to be felt in the political, military and cultural spheres. We do not have at hand and are therefore not operating on the basis of a thorough study of all of the elements of the problem. Not until we have completed an exhaustive study of all of the economic—and political—factors involved can we mobilize this economic potential and utilize it for maximum effect. This is a tactical problem which should immediately be worked out in detail.

#### *Factors Affecting our Choice*

41. The broad courses of action open to us are qualified by a series of other factors. They are considerations of (a) timing and tempo, (b) our long-term goals, (c) our world position, (d) our relations with the USSR, and (e) the relative vulnerability of the various satellites.

42. Although the time is now ripe for us to move to the offensive, this does not mean that we should attempt to move at a maximum pace. The tempo at which we move is necessarily qualified by U.S. capabilities to support selected courses of action. Further, our pace must be accommodated to what the situation in the satellites warrants.

43. A course of encouraging schisms within the communist world cannot be pursued without reserve because such a course is a tactical expediency which, however necessary, must never be permitted to obscure our basic long-term objectives—a non-totalitarian system in



Eastern Europe. The problem is to facilitate the development of heretical communism without at the same time seriously impairing our chances for ultimately replacing this intermediate totalitarianism with tolerant regimes congenial to the Western World. Nor must we slacken, rather we should increase, the support and refuge which we may be able to offer to leaders and groups in these countries who are western-minded.

44. Considerations of our international position, particularly with respect to the United Nations, impose further limitations on our policy with respect to the satellites. We cannot, for example, come out in unqualified support of Tito or Titoism any more than we can take such a stand in favor of Franco and Fascism. Furthermore, we cannot pursue a wholly unilateral course because we have committed ourselves to the collective idea, because our western allies have far-reaching legitimate interests in Eastern Europe and because the full effectiveness of our operations depends upon their cooperation.

45. Our relations with the USSR are another consideration which must be taken into account. The satellite question is a function of our main problem—relations with the USSR. No examination of a proposed course of action toward the satellites is complete without thorough consideration of the probable effects it might have on the USSR. Proposed operations directed at the satellites must consequently be measured against the kind and degree of retaliation which they are likely to provoke from the Kremlin. They must not exceed in provocative effect what is calculated suitable in the given situation.

46. Finally, considerations of the relative vulnerability of the various satellites must enter into our calculations. No one course of action can be applied alike to all satellites. Obviously our policy both with regard to methods and tempo must differ among the several orbit countries. These are tactical problems which must be flexibly worked out by the operating elements within this Government.

[Here follow sections 47 through 56 comprising the "Conclusions" portion of the paper which was not declassified at the time this volume of documents was being prepared.]

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800.00B Communist International/12-349 : Telegram

*The Secretary of State to the Embassy in the Soviet Union*

SECRET

WASHINGTON, December 9, 1949—5 p. m.

904. Although Dept agrees gen thesis urtel 3004, Dec 3,<sup>1</sup> that Malenkov speech marks strongest postwar show of confidence and

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<sup>1</sup> *Ante*, p. 39.

reflects more than simply desire reassure faithful, Cominform communiqué appears at most indication Sov decision continue present strategy, particularly intensification "peace" drive as means rallying fon support and perhaps developing ideological basis possible future Communist action Western Europe. Malenkov's confidence obviously reflected over-all improvement Sov world position as result atomic developments and Chinese Commie successes. Fact of Cominform mtg and nature Cominform instrs, on other hand, indicate Moscow still aware of and concerned with continuing areas of weakness in Europe:

(1) Present inability to overthrow Tito. Sov decision press all-out peace campaign as basic world line makes embarrassing for USSR any resort to direct mil action against Tito and tends confirm gen estimate that USSR does not plan invasion Yugo near future and even large-scale guerrilla action unlikely this winter. Cominform appeal for internal Yugo revolt appears admission that present prospects poor for overthrow Tito by outside pressure, short of invasion. All this seems indicate that while continuing press on all fronts to depose Tito, USSR resigned to his continuation in power for some time with consequent unfavorable repercussions for Sov position.

(2) Sov apprehension that Titoist heresy of natl communism may spread. Cominform stress on "internatl duty" of all Commies fight Titoist elements as "worst splitters ranks of workers and democratic orgs" presages stepped-up effort smear Tito ideologically and weed out elements suspected of actual or potential waverings. Although from Sov point of view this campaign appears largely preventive in character, Cominform emphasis gives credence reports Kremlin actively concerned over potential impact of Tito's defiance on world communism. Possibility cannot be excluded that charge of Titoist deviations might be used by Kremlin as convenient pretext for conducting purges in all parties.

(3) Present polit sterility Western European Commies. Cominform instrs for united front from below and use of peace slogan as main appeal to working class tantamount open recognition that Western European Commies, despite mass parties and control over substantial part of labor force in France and Italy, no longer capable of effective polit action by themselves.

In light these factors, Emb conclusion that Soviets "are mobilizing all forces to reap maximum revolutionary harvest expected as sequel to World War II" appears to us at most applicable to Far East. Commies in Europe appear have their maximum postwar harvest already in the barn. While their Far Eastern comrades are now beginning to reap, European Commies must await Western econ crisis before new crop possible. In this connection noteworthy that Sov fon propaganda references oncoming Western econ crisis, despite Malenkov speech, continue far below top volume of last July.



Rptd London, Paris, Frankfurt and Belgrade.<sup>2</sup>

ACHESON

<sup>2</sup>Repeated to London as 4403, to Paris as 4734, to Frankfurt as 3246, and to Belgrade as 778.

Telegram 4989, December 15, from London, not printed, reported that the British Foreign Office opinion on the Cominform Communiqué closely paralleled the thinking set forth here. The Foreign Office felt that full-scale Soviet military action against Yugoslavia most unlikely currently and by early summer 1950 the USSR would have to choose whether the danger of Titoism outweighed the risk that open military suppression would precipitate World War III. The British doubted that the USSR would have much success in the ideological sealing-off of Yugoslavia but believed that Titoism in other satellite countries would be kept down by purges and the continuation of the current reign of intimidation (800.00B Communist International/12-1549).

London Embassy Files : 233 Field, H.

*The Deputy Assistant Secretary of State for European Affairs (Thompson) to the First Secretary and Consul General at the Embassy in the United Kingdom (Bailey)*<sup>1</sup>

PERSONAL AND CONFIDENTIAL

WASHINGTON, [undated.]

DEAR JOCK: As you know, Mrs. Hermann Field has called at the Embassy several times concerning the disappearance in Poland on August 22, 1949 of her husband, an American architect employed by Western Reserve University in Cleveland, Ohio. In order that Mrs. Field may be made thoroughly aware of the efforts of this Government to obtain the release of her husband, I suggest that she be called to the Embassy for the purpose of informing her confidentially of all our actions in this matter. It would be helpful if you might talk with her personally when she makes this visit. I believe that the following chronology may be of value in this connection.

*August 26.* On the basis of information received from Mrs. Field, Embassy London requested Embassy Warsaw to investigate a report that Field had failed to arrive in Praha via a Czechoslovak Airlines (CSA) plane on which he was scheduled to depart from Warsaw on August 22.

<sup>1</sup>The source text, the signed copy received in London, bears the handwritten notation: "date? Dec. 1949". Following his signature, Thompson had written the greeting "Happy New Year". Telegram 345, January 20, 1950, from London, not printed, reported that the information contained in this letter together with some supplementary information telegraphed to the Embassy on January 6, had been communicated to Mrs. Hermann Field during the second week of January.

In the annotations that follow, citations are provided for the principle messages summarized in this letter. Some additional documentary identifications and explanations are also provided. Unless otherwise indicated, the cited messages and papers are included in the 340.1115 and 340.1115 Field, Hermann H. files of the Department of State's Central Files. Copies of the telegraphic exchanges together with additional materials not transmitted to the Department of State are included in the 233 files of the London, Praha, and Warsaw Embassy files.



*August 26–September 2.* Original flight manifest examined by Embassy official in Warsaw listed Hermann Field as departing Warsaw August 22 on CSA flight OK563 at 6:20 p. m. Polish Security Police official assured Embassy official that Field's name would not be on signed list had he not been on aircraft at take-off.

*September 12.* Embassy Praha reported<sup>2</sup> that thorough investigation indicated Field did not arrive in Praha and that his name had been cancelled by stewardess when it was learned that he was not on the plane.

*September 13.* On instructions from the Department,<sup>3</sup> Embassy Warsaw presented formal note to Polish Foreign Office regarding whereabouts of Field and inquiring whether he actually departed from Poland. The note also asked about the existence of official records other than manifests, such as customs and immigration records. Foreign Office replied that case would be investigated immediately and a report made.

*September 16.* In answer to oral inquiry by Embassy [in Warsaw] official, Foreign Office official stated that while investigation not yet completed, Field had not been arrested or taken into custody by Polish authorities.

*September 17.* On instructions from Department,<sup>4</sup> Embassy [in Warsaw] inquired orally whether Field had been detained or otherwise prevented from boarding plane by Polish customs authorities, Security Police, or other agents of Polish Government, or agents of any other government. Embassy also expressed this Government's concern at Field's disappearance and requested a prompt report. Reply was received that no information yet available but that Embassy would be informed immediately when something was learned.<sup>5</sup>

*September 22.* Chargé Lyon<sup>6</sup> called at the Polish Foreign Office and emphasized the growing interest of the American press in this case.<sup>7</sup> Lyon was informed that "as far as the Polish authorities have been able to ascertain" Field was not in Poland, that he had passed through airport customs, that he was in no jail in Poland, that he had not been taken into custody by the Security Police, the Military Police, or other agents of Polish Government, or agents of any other government. Lyon was told that the investigation was continuing.<sup>8</sup>

*September 23.* Lyon telephoned the Foreign Office for "definite information on Field" for transmittal to the press. He was told that no

<sup>1</sup>Telegram 1319, September 12, from Praha.

<sup>2</sup>Telegram 530, September 12, to Warsaw. Telegram 915, September 12, to Praha, instructed that a parallel request be made of Czechoslovak authorities. Telegram 3290, September 12, to London, stated that Mr. and Mrs. Hermann Field were "strongly suspected of being agents of a country allied with Poland and Czechoslovakia" and asked that information be obtained from Mrs. Field, "discreetly and sympathetically on their movements, activities and associates." Telegram 3728, September 16, from London, provided the requested report.

<sup>3</sup>Telegram 544, September 16, to Warsaw.

<sup>4</sup>Telegram 1224, September 17, from Warsaw.

<sup>5</sup>Counselor of the Embassy in Warsaw Cecil B. Lyon who was in charge of the Embassy in the absence of Ambassador Waldemar J. Gallman.

<sup>7</sup>On September 22 a Department of State spokesman revealed to newsmen the disappearance of Hermann Field and stated that the Department was much disturbed at the failure to determine his whereabouts.

<sup>8</sup>Telegram 1249, September 22, from Warsaw.

further information was available but that it was hoped a definite answer to the Embassy's inquiries would be forthcoming in the near future.<sup>9</sup>

*September 24.* Lyon called at the Foreign Office where he was told that they had nothing new to report. The Foreign Office official said he was "really mystified" and promised a definite reply would be forthcoming.<sup>10</sup>

*September 27.* Lyon informed Foreign Office official that Department desired an immediate answer to inquiries regarding Field. Since no definite answer was given, Lyon requested appointment with Acting Foreign Minister the following day.<sup>11</sup>

*September 28.* [Polish] Acting Foreign Minister<sup>12</sup> stated he had no information. He said he was aware of the Department's desire for an immediate answer which would be forthcoming as soon as the investigating authorities provided it.<sup>13</sup>

*October 10.* Acting on Department's instruction of October 7,<sup>14</sup> Legation Budapest asked Foreign Office whether Field was in Hungary at that time or whether he was there recently.

*October 12.* Chargé Lyon made further inquiries of Polish Foreign Office and was told there was nothing new on the case.

*October 14.* In answer to inquiry by Warsaw Embassy official, Foreign Office replied there was nothing new to report.

*October 14.*<sup>14a</sup> On instruction of Department, Embassy Praha addressed formal note to Foreign Office asking whether Field was then in Czechoslovakia or whether he has been there recently.

*October 20.* Legation Vienna informed Department that there was no record of Field having been in Austria.

<sup>9</sup> Telegram 1254, September 23, from Warsaw.

<sup>10</sup> Telegram 1256, September 24, from Warsaw.

<sup>11</sup> Telegram 1266, September 27, from Warsaw.

<sup>12</sup> Stanisław Leszczycki.

<sup>13</sup> Telegram 1270, September 28, from Warsaw.

<sup>14</sup> During the trial in Budapest in September of László Rajk, former Hungarian Foreign Minister and Hungarian Communist Party Politburo member (see airgram A-985, September 26, from Budapest, p. 471) on charges of treason and espionage, Noel H. Field, brother of Hermann Field, was named as one of various alleged American, British, and French agents who conspired with Rajk. Noel Field, a former officer of the Department of State and an official of the American Unitarian Service Committee during and after World War II, disappeared in May 1949 from the hotel in Praha where he had been staying during a visit to Czechoslovakia. Noel's wife Herta went to Czechoslovakia in August to search for her husband, and she too disappeared. Telegram 3320, September 13, to London, stated that the Department of State placed no credence in the Hungarian charges against Noel Field and added: "Any US Govt connections were severed many years ago and he is now regarded as definitely Left wing and possibly Soviet agent". Telegram 617, October 7, to Budapest, instructed the Legation to ask Hungarian authorities whether any of the Fields were currently in Hungary or had been there recently. Similar instructions were sent to Praha in telegram 1019, October 7.

For an authoritative account of the circumstances of Noel Field's abduction by the Czechoslovak Security Police at the request of the Hungarian Security Police, see Jiří Pelikán, ed., *The Czechoslovak Political Trials 1950-1954: The Suppressed Report of the Dubček Government's Commission of Inquiry*, 1968 (Stanford, California: Stanford University Press, 1971), pp. 70-73.

<sup>14a</sup> Apparently October 12 is intended.



*October 20.* Polish Foreign Office official stated in reply to request by Embassy Secretary that there was no further information on the case.

*October 25.* American Legation officer in Budapest was told informally by Foreign Office official that none of the Fields were or had been in Hungary within the previous three months.

*October 24.* Czechoslovak Foreign Office informed Embassy by formal note <sup>15</sup> that they had no knowledge of Field having made a stay in Czechoslovakia. Ministry stated that appropriate authorities had undertaken to trace the missing Fields.<sup>16</sup>

*October 29.* On instructions from the Department, Embassy Warsaw delivered formal note <sup>17</sup> to the Foreign Office rejecting the Polish view that Polish authorities were unable to learn whether Field had been arrested or detained in Poland. The note insisted that the Embassy be informed of any charges against Field, that a representative of the Embassy be permitted to visit him and that he be given legal counsel of his own choosing.<sup>18</sup>

*November 18.* I called Polish Ambassador Winiewicz to the Department to express our concern about lack of information in the Field case. He informed me that Field was not in Poland, a statement which he retracted a few days later, stating then that the investigation had not been completed. The Ambassador promised to inform the Foreign Office of our concern.<sup>19</sup>

*November 25.* Ambassador Gallman called on the Acting Foreign Minister of Poland who said that the investigation had not been completed and that we would be informed immediately when information was available.<sup>20</sup>

*November 30.* Pursuant to Embassy request, Czechoslovak Foreign Office stated informally that it was certain none of the Fields were in Czechoslovakia and that the Foreign Office would endeavor to expedite a reply to our formal inquiry.<sup>21</sup>

*December 13.* Legation Budapest received note from Hungarian Foreign Office stating that none of the Fields had been in Hungary since May 1.

*December 16.* On instructions from the Department,<sup>22</sup> Embassy Warsaw delivered to the Foreign Office a formal note pointing out the increasing concern of the United States Government and its people about failure of Polish Government to provide information of substance concerning the whereabouts of Field. Stating that this Government was seriously concerned for the welfare and safety of American citizens travelling to Poland, the note requested that the Polish Gov-

<sup>15</sup> Dated October 18.

<sup>16</sup> Telegram 1611, October 26, from Praha. Telegram 1517, October 14, from Praha, suggested that there might be some connection between the missing Fields and recent large-scale political arrests in Czechoslovakia (860F.00/10-1449).

<sup>17</sup> Dated October 28.

<sup>18</sup> Despatch 743, October 31, from Warsaw.

<sup>19</sup> Memorandum of conversation by Thompson, November 18.

<sup>20</sup> Telegram 1550, November 25, from Warsaw.

<sup>21</sup> Telegram 1784, November 30, from Praha.

<sup>22</sup> Telegram 724, December 13, to Warsaw. Similar instructions were sent to the Embassy in Praha in telegram 1215, December 16, to Praha.



ernment promptly report the actual facts thus far determined by the investigation which was said to be continuing.<sup>23</sup>

To summarize, this case was taken up at Warsaw twice with the Acting Minister of Foreign Affairs personally, by Lyon as *Chargé d'Affaires* on September 28 and by Ambassador Gallman on November 25 and on ten other occasions with officials of the Foreign Office from September 15 to October 20. Two Embassy notes were delivered on September 13 and December 16. The Polish Ambassador in Washington was called to the Department about the matter on November 18, and an approach was made on several occasions to other officials of the Polish Embassy here.

The United States Government has made similar efforts to ascertain from the Czechoslovak authorities the whereabouts of Noel Field, the brother of Hermann, and his wife Herta. Noel was last seen at Praha on May 12 and Herta on August 23. The replies of the Czechoslovak Government to our inquiries have been no more satisfactory than those of the Polish Government with respect to Hermann Field.

It would be appreciated if you would convey fully to Mrs. Field the concern which the Department has felt from the beginning about the disappearance of Hermann Field and other members of the Field family. She may be assured that this Government is continuing to press the Polish and Czechoslovak Governments for any information which would assist the United States in the protection of these American citizens. You may also wish to point out, as we have done here in conversations with Dr. Elise Field Doob, a sister of Hermann and Noel, that the Department has been faced with a dilemma in dealing with this matter. An approach insufficiently forceful might produce no positive results yet extreme steps might prejudice the possibility of any satisfactory action by the Polish or Czechoslovak authorities.

Sincerely yours,

TOMMY

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<sup>23</sup> The note to the Polish Foreign Ministry was delivered on December 16. In his telegram 1880, December 21, from Praha, Ambassador Ellis O. Briggs reported that during a long conversation with Czechoslovak Foreign Minister Vladimir Clementis he had made a futile effort to elicit information on the whereabouts of the Fields. Other portions of the conversation are reported upon in telegram 1878, December 21, from Praha, p. 427. Ambassador Briggs then delivered the formal note expressing the deep concern of the United States Government regarding the safety of the members of the Field family and renewing earlier requests for information about them.

# UNITED STATES POLICY ON TRADE WITH EASTERN EUROPE AND THE SOVIET UNION<sup>1</sup>

*Current Economic Developments*, Lot 70 D 467

*Current Economic Developments*<sup>2</sup>

[Extract]

SECRET

[WASHINGTON,] January 3, 1949.

No. 183

## CONTINUED US SUPPORT OF ECE IS DESIRABLE

State and ECA, after consultations with our ECE representatives in Geneva and Harriman's<sup>3</sup> staff in Paris, have agreed it is in our interest to continue support of the Economic Commission for Europe. While eastern European countries will undoubtedly continue to use ECE as a sounding board for attacks on the recovery program and US export policy, we believe there are a number of important reasons which outweigh these disadvantages and warrant continued US support for ECE.

Since the long-term objective of the US and western European countries is to force Russia to withdraw to her own frontiers and to encourage a free eastern Europe to establish close political, economic and social ties with a strengthened and unified western Europe, it is desirable even at the present time to maintain such links with eastern Europe as will contribute to this objective. The ECE has shown that it can provide a useful link at the technical level with the Poles and Czechs and to a lesser extent with the Yugoslavs.

It is also important for us to operate wherever possible within the United Nations framework. We are publicly committed to this principle and other OEEC countries are anxious to demonstrate that they are not by-passing the UN in their ERP participation.

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<sup>1</sup> For previous documentation on this subject, see *Foreign Relations*, 1948, vol. iv, pp. 489 ff. For documentation on the related problems of the trade policy of the United States toward Communist-occupied China, see vol. ix, pp. 817 ff.

<sup>2</sup> A weekly classified publication, prepared by the Policy Information Committee of the Department of State, designed to highlight developments in the economic divisions of the Department and to indicate the economic problems which were currently receiving attention in the Department. It was circulated within the Department and to missions abroad.

<sup>3</sup> W. Averell Harriman, Special Representative in Europe for the Economic Cooperation Administration, with the rank of Ambassador.

We believe that OEEC and ECE need not and should not be competitive organizations. OEEC must assume the major responsibility for strengthening the economies of western Europe and for bringing about closer economic integration among these countries. As the organization which recommends to ECA the division of US assistance among the participating countries, it is obviously in a strong position to bring about real measures of economic cooperation among its member countries. We believe that the ECE, although its powers are merely recommendatory and its membership includes six countries of eastern Europe who have openly stated their opposition to the recovery program, can serve to complement OEEC in a number of important fields. The OEEC can probably utilize its resources most effectively if it concentrates on those problems which only it can handle or which it can deal with much more effectively than other organizations. A number of other functions which contribute directly to the success of the recovery program by strengthening and rationalizing the economies of the participating countries can be performed by the ECE and perhaps other UN bodies. For example, agreements on reduction in frontier regulations, and standardization of railroad cars and equipment are types of measures which are highly desirable and can be performed without disadvantage in a forum which includes eastern European countries. If functions such as these were transferred to OEEC, there is real danger that it might result in a curtailment of other more fundamental OEEC work.

The ECE is also useful in obtaining information on eastern European availabilities and requirements and can facilitate exchanges between eastern and western Europe which are of benefit to the ERP, e.g. the provision of timber in return for timber equipment, foodstuffs for fertilizer and agricultural machinery, and coal for mining machinery. In addition, ECE is in a better position to recommend coal allocations than OEEC because of the necessary cooperation of the Poles.

We do not regard it as necessary or desirable to lay down for the future a hard and fast division of functions between ECE and OEEC. Each case will have to be decided on its own merits in the light of changing circumstances. As a general rule, work now being satisfactorily performed by ECE, such as that of the coal and transport committees, should continue to be performed by the Commission. Normally, new work should be undertaken in ECE only if the US and the OEEC countries are convinced that participation by eastern European countries would be of real benefit, or if the work could not be undertaken by OEEC without impeding other more important work. The US and ERP participants should have a common approach to



important questions coming before ECE and should be on the alert to avoid ECE undertakings which might weaken OEEC.

Our policy toward ECE will have to be kept under constant review and reconsidered if it appears the Commission is no longer able to play a useful part in the economic reconstruction of Europe.

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840.50 Recovery/1-749 : Telegram

*The Ambassador in Sweden (Matthews) to the Secretary of State*

TOP SECRET

STOCKHOLM, January 7, 1949—8 p. m.

24. I took up personally with Secretary General [Baron Johan Hugo] Beck Friis this afternoon question East-West trade (Deptel 874, December 27, 5 p. m.<sup>1</sup>). I pointed out that question had first been raised with Swedish Government October 13, that later full lists had been given Swedish Government, and that neither I nor Haskell<sup>2</sup> had yet received any indication of Swedish views. I said we realized the problem was a difficult one for Sweden and that we did not wish to seem impatient, but that three months seemed to us a reasonable period for the study which such an important problem required. I had now received telegraphic instructions from my government again to ask when we might expect Swedish views and what degree of cooperation would be forthcoming. I said that assurances had been given by Mr. Haskell that Swedish cooperation in this matter would not be made public in the hearings before Congress. However, as Beck Friis must realize, it is the duty of the Department and ECA to determine in its own mind the cooperation which is being shown by various OEEC countries in this matter of East-West trade which our government considers of great importance for reasons of national security. I added that while we naturally were thinking in terms of our national security, we felt just as strongly that Sweden's own national security was equally involved. I told him in reply to his question that it was my understanding that other OEEC countries were cooperating, mentioning specifically British, Danes and Norwegians, and said that even the Swiss, who were not requesting any ERP assistance, had in their preliminary reactions shown a willingness to enter into discussions of items on the two lists.

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<sup>1</sup> Not printed; it instructed the Embassy in Sweden to inquire again whether the Swedish Government had decided to undertake the control for security reasons of exports to the Soviet Union and Eastern Europe in line with United States policies (840.50 Recovery/12-2748).

<sup>2</sup> John H. F. Haskell, Chief of the European Cooperation Administration Mission in Sweden.

In reply Beck Friis said he quite realized that we are entitled to know Sweden's reaction; he was sorry that he had not yet been able to obtain the government decision though the question had of course been discussed in highest government circles. He hoped to be able to obtain some decision soon. There were of course two aspects involved. The first (and I gather the most important) was the question of general principle which involved "Sweden's autonomy". In this connection see mytel 1228 November 2, 6 p. m.<sup>3</sup> This is of course a question on which Swedes in general, and Unden in particular, are most sensitive. The second was the practical question of Sweden's probable need to export some of the items on the two lists in order to obtain much needed imports from the east (Polish coal is of course outstanding example). I reiterated that we are quite sympathetic to Sweden's difficulties in this respect and are willing to sit down and discuss any items on the lists which present special difficulties, but I pointed out our offer to do so has resulted in no action on the Swedish side.

I think that the most we can hope for is that Swedes will work out some unilateral formula of policy on exports to the east about which they may inform us in secrecy, and which will in practice result in elimination of some of the items on A and B lists which would otherwise have gone to the east. (Beck Friis made it clear Sweden would give us no formal written commitment—I said we were not asking for one). They may possibly be willing to discuss some of the items on the lists. On the other hand they may not even go this far, and I think the Department and ECA should give serious consideration as to whether it considers probable Swedish exports to the east of sufficient importance to warrant cutting off ECA assistance in 1949-50 with all that this may imply.

Sent Department 24; repeated Paris 8 for Torep.

MATTHEWS

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<sup>3</sup> Not printed.

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840.50 Recovery/1-749: Telegram

*The Acting Secretary of State to the Embassy in Sweden*<sup>1</sup>

TOP SECRET

WASHINGTON, January 14, 1949—7 p. m.

28. From State and ECA. Ref Repto 95 to Stockholm; <sup>2</sup> Torep 199 from Stockholm; <sup>2</sup> Embtel 24, Jan 7.<sup>3</sup>

(1) If Swed establishes controls over exports East, without satisfactory consultation with you, extent to which such controls meet our

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<sup>1</sup> This telegram was repeated to Paris for W. Averell Harriman, United States Special Representative in Europe for the Economic Cooperation Administration, as Torep 2850.

<sup>2</sup> Not printed.

<sup>3</sup> *Supra*.

security objectives would require careful study by Dept and other agencies in light of:

- (a) Possible development Sov mil potential;
- (b) Reaction other OEEC countries which are cooperating fully or are expected to.

It would, of course, be hoped such controls might be extensive enough to satisfy our requirements but problem explanation to other countries would be difficult any event.

(2) If no prospect reasonable solution this problem we might have to scrutinize US exports to Swed from security standpoint. Such scrutiny would relate to US exports supporting Swed trade with East and might therefore affect also Swed arms production. You may wish consider possible use this point at appropriate moment Negots.

(3) We do not consider advisable at present withholding ECA assistance as weapon of bargaining or retaliation in connection East-West Trade Negots. [State and ECA.]

LOVETT

840.50 Recovery/1-1949 : Telegram

*The Minister in Switzerland (Vincent) to the Acting Secretary of State*

SECRET

BERN, January 19, 1949—6 p. m.

96. Reference my 1693 December 17 last.<sup>1</sup> I called on Zehnder yesterday at his request to receive Swiss Government views re East-West trade. Substance Swiss position follows.

Lists 1A, 1B,<sup>2</sup> include practically all items featured Swiss exports Eastern Europe. Elimination these exports would destroy mutual basis this trade. US list arms, ammunitions, implements war basic to Switzerland's arms export control program and Zehnder notes similarity to Swedish arms control list. Previous division in Swiss Govern-

<sup>1</sup> Not printed. In it Minister John Carter Vincent reported that East-West trade discussions had been initiated on December 16, 1948 with Dr. Alfred Zehnder, Under Secretary (or Chief of Political Affairs) of the Swiss Federal Political Department. Zehnder indicated that Switzerland was following a general policy and procedure similar to that adopted by the United States. Zehnder stated that the Swiss Government appreciated and shared the United States objectives in the matter and approached the problem along similar lines, but he pointed out that Switzerland's traditional policy of neutrality necessitated different methods of achieving those objectives (840.50 Recovery/12-1748).

<sup>2</sup> Under the United States program adopted in 1948 for the control for security reasons of exports to the Soviet Union and Eastern Europe, commodities which, by their nature or because they could be readily converted, were of direct military significance or importance in the manufacture of munitions, and those commodities of the highest significance the denial of which would affect strategic sectors of the Soviet economy were designated Class 1. Commodities in Class 1 were enumerated on two lists. List 1-A consisted of equipment and material items designed primarily for or primarily used in the production of munitions

Footnote continued on following page.



ment on arms export control policy (Legtel 1624 December 7 last <sup>3</sup>) has now been resolved in favor Federal Political Departments position that restrictive policy be continued.

In light above, Zehnder requested us drop lists 1A, 1B, as basis discussions in favor other methods permitting Switzerland achieve through autonomous policy substantial portion objectives outlined previous conversation. Zehnder sees such possibility in three-point program encompassing: (1) transit trade, (2) control arms exports, including prohibition exports to Eastern European countries items on US arms list and possibility extension list to include other items important development war potential and; (3) general reduction trade with Eastern Europe, with restriction in so far as practicable exports of items contributing war potential. Zehnder commented on three points as follows:

(1) Transit trade through Switzerland to Eastern Europe considerable worry to US as it is to Switzerland which has no desire harbor firms supported by funds obscure sources whose sole purpose purchase goods ostensibly for use Switzerland, but which never enter this country. Considering this trade inimical Switzerland's best interests and good name, government prepared cooperate American Legation in any case with respect with [which?] US Government has suspicion or doubt. While Legation contact will probably be through Division Commerce, Government will make use of Comité de Surveillance which has competent staff experienced such problems during last war.

(2) Arms control: government considering two alternative methods implement decision restrict exports (a) flat prohibition with government authorized grant exceptions, (b) licensing control. Federal Political Department advocates (a) above but Zehnder confident either method will enable government continue prevent exports, including items US arms list and will offer opportunity inclusion other items important to expansion war potential Eastern Europe.

(3) Trade with Eastern Europe has not developed satisfactorily and Swiss now insist on absolute reciprocity in value goods exchanged, surplus Swiss imports being permitted only in cases where and to

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Footnote continued from preceding page.

or very importantly contributing to the war potential of the Soviet Union and its Eastern European satellites. These items were completely prohibited from export. List 1-A was revised periodically by the Advisory Committee on Requirements. As of February 1, 1949, List 1-A included 163 items: 42 types of metal-working machinery, 11 types of petroleum products, 4 types of petroleum industry equipment, 2 types of coal industry equipment, 4 types of transportation equipment, 6 types of steel mill products, 11 types of nonferrous metals, 18 chemicals and chemical products, 12 types of chemical industry equipment, 40 types of precision instruments, scientific apparatus, and electronic testing equipment, and 13 miscellaneous items. List 1-B comprised additional commodities of great importance to the Soviet war potential whose export was restricted but not completely embargoed.

<sup>3</sup> Not printed; it reported that the Swiss Federal Council had decided to renew provisionally the existing Swiss arms export prohibitions (854.243/12-748).

extent that Eastern European countries need Swiss francs to discharge obligations due Swiss creditors. No credits will be extended in future, no free Swiss francs will accumulate to credit Eastern European countries through bilateral trading agreements, imports will be confined in essentials and exports of war potential goods will be restricted to degree import requirements permit. In this connection, Zehnder remarked Soviets, who pay and are paid in hard currency, insisting on microscopic balance.

I inquired whether distinction had been made between lists 1A and 1B in determining impact on Swiss exports and pointed out 1A of greater importance, and that being restricted to items for most part designed primarily for development war potential, particularly true of machinery list specifically cited by Zehnder, examination would probably reveal that relatively small percentage these items included Swiss exports Eastern Europe.

Zehnder then stressed viewpoint Switzerland could not adopt program which exposed government charge permitting US intervene Swiss trade policy, i.e., adopt program sponsored by US and that only possibilities Swiss cooperation lie within limits of an "autonomous" program, i.e., one developed by Swiss to achieve their objectives; that program it outlined December 16 is a US program was evident from discussions among OEEC representatives Paris and from fact that in Sweden and other OEEC countries discussions initiated by ECA mission chiefs; but that procedure involved three-point program referred to above would permit Swiss in practice to achieve objectives shared with US through method preserving "autonomy".

In response these remarks I pointed out

(1) Action US Government vis-à-vis with Switzerland this matter could not be construed as intervention, but merely constituted exchange information which might prove useful Swiss in development autonomous program as:

(a) Upon instructions my government I had requested former meeting Zehnder to inform Swiss government action US taking towards objective Switzerland might share.

(b) Lists 1A and 1B left with Zehnder only after he expressed interest in having them and hence subsequent discussion based on this indication Swiss interest.

I stressed fact that in first conversation I had made clear fact I was presenting program for information his government.

(2) US Government attached great political importance East-West trade and carefully kept this subject out of OEEC. US cooperating all nations which share our objectives, including Canada and possibly other members British Commonwealth in addition OEEC countries. While ECA mission chiefs had definite responsibility this



subject, chiefs diplomatic missions had no less responsibility and in some OEEC countries bore burden discussions, prominent role played ECA representatives other countries natural development from fact they frequently better informed technically.

Referring US negotiations other countries, Zehnder remarked that in every instance, latter were endeavoring alter lists meet their own requirements, and that in no case had any country accepted lists 1A and 1B. To contrary, he was surprised note that in recent agreements Italy and UK had undertaken export Soviet Union and Poland respectively commodities substantially increasing their military potential. While Switzerland did not wish always to be last, it would logically have same justification hold back as countries contemplating association with US in Atlantic Pact.

Was pointed out 1B items not embargoed to which Zehnder replied, Italy appeared to be exporting 1A items.

Zehnder raised question secrecy these discussions, specifically inquiring whether there would be congressional presentation of status discussions. After I assured him that there would be no public reference in US to these discussions, he remarked that public knowledge thereof would force Swiss government to deny flatly any intention cooperating. Before departing, I reiterated fact that although lists 1A and 1B were associated as part of one feature of US policy, in fact they were separate as 1A of much greater importance and expressed belief that Swiss, in practice might find 1A useful in application their autonomous program designed achieve objectives we share.

Sent Paris Torep 67, pouched Department as 96.

VINCENT

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840.50 Recovery/1-1949: Telegram

*The Ambassador in France (Caffery) to the Acting Secretary of State*

SECRET

PARIS, January 19, 1949—7 p. m.

247. Re east-west trade discussions with France reopened with meeting at Foreign Office January 18 called by Alphand<sup>1</sup> and attended by Bruce,<sup>2</sup> Reagan<sup>3</sup> and McDaniel<sup>4</sup> OSR. (Embtel 6178, December 6.<sup>5</sup>)

<sup>1</sup> Hervé Alphand, Director General for Financial and Economic Affairs, French Ministry for Foreign Affairs.

<sup>2</sup> David K. E. Bruce, Chief of the Economic Cooperation Administration Mission to France.

<sup>3</sup> Daniel J. Reagan, Counselor of Embassy for Economic Affairs, in France.

<sup>4</sup> Joseph M. McDaniel, Jr., Special Assistant for East-West Trade, Office of Special Representative in Europe for the Economic Cooperation Administration.

<sup>5</sup> Not printed; it reported that 1A and 1B lists were presented to the French Foreign Ministry and the need for the earliest possible discussion was strongly stressed (103.ECA/12-648).



Alphand said French would not be ready for week or so to begin discussions on specific items in 1A and 1B lists, as (a) these still under study by French technical departments, and (b) French were concerting with British to establish list upon which both could agree. Alphand made following points, some of which merely restated French position at October 28 meeting:

1. In view importance east-west trade to Europe as a whole and to ERP, lists have major economic and political implications.

2. Whole question regarded by French as one of security policy and separate from ECA program.

3. Alphand stressed importance equality treatment all Western European countries, as, without it, effect of restrictions will be dissipated and complying countries will be a severe economic disadvantage compared to those who do not comply. He counts willingness other countries, particularly Switzerland, Sweden and Benelux, to adhere and implied French reluctance control any items not agreed to by all other countries.

4. As French share our anxieties not to increase Soviet war potential, and have same basic aims and problems as does US, they desire settle question and coordinate measures with US, British and other WE countries to achieve this objective.

5. They foresee number of problems arising from introduction of restrictions:

(a) Effects of non-compliance by other countries.

(b) Control of trade and reexportation through third countries, and economic warfare implications of instituting such controls.

(c) Re introduction of controls goes against present French trend towards relaxing controls and will be blow to expansion of export trade as whole.

(d) Existence of trade agreements with certain EE countries.

6. French having some difficulty with nomenclature of US lists; this will require some discussion at technical level.

7. French are preparing independently their own list containing items which they believe should be controlled.

8. They have held discussions with British and as British also making up list, they hope develop common Franco-British list and to attempt obtain adherence to this list by other WE countries.

9. Alphand referred to criticism which has been levelled against US aid as tending to restrict world trade, and replied that French would not yield to "pressure" under ERP in this matter.

10. He stressed the importance of avoiding public discussion of question or reviewing it openly before Congress. Such discussion would tend to increase criticism cited in 9.

11. He assured us that French are not exporting any armaments to Eastern Europe and that with exception of certain types of civil aircraft and special instruments, French armament list corresponds with US and British lists.

12. Alphand suggested that as possible means of accomplishing security ends without increasing international tension, it might be

possible work out short list of key items or components whose prohibition might be effective in creating bottlenecks and thus hampering development Soviet war potentials.

McDaniel informed Alphand of our very satisfactory progress with British and of our expectation of obtaining cooperation from Swiss.

In reply to Alphand's remarks, Bruce and Reagan pointed out that the instituting of these controls was matter of great importance and urgency, that effective controls could be established if there were a will to do so, and if strong joint effort were made. They recognized problems, particularly that of obtaining common adherence by all countries, but pointed out that immediate question was that of obtaining fullest measure of agreement on our lists, and that other questions could be left until later. They urged an early meeting for presentations of French reaction to our lists.

Alphand indicated he thought such a meeting could be arranged in week or ten days.<sup>6</sup>

OSR concurs.

Sent Department as 247, repeated London as 57, pass to ECA as Toeca 595 from Bruce.

[CAFFERY]

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<sup>6</sup> A memorandum on the conversation reported upon here was transmitted to the Department as an enclosure to despatch 125, February 2, from Paris, neither printed (840.50 Recovery/2-249).

Telegram 312, January 24, from Paris, not printed, reported that French Minister for Foreign Affairs Robert Schuman had told Ambassador Caffery that he would take a personal interest in the East-West trade discussions (840.50 Recovery/1-2449).

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London Embassy Files : 500 Marshall Plan : Telegram

*The Deputy Chief of the Economic Cooperation Administration Mission in the United Kingdom (Siegbert) to the Embassy in France*

SECRET

LONDON, January 24, 1949—10:25 p. m.

Torep 519. Ref Caffery tel SecState, 247 rptd London 57 Jan 19,<sup>1</sup> Paris Repto London 287, rptd Dept Repto 2381.<sup>2</sup> Show Finletter and Moffat.<sup>3</sup>

1. Have been pressing Brit to place under export control those 1A

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<sup>1</sup> *Supra.*

<sup>2</sup> Not printed. It reported that Alphand explained the delay in French acceptance of the 1A and 1B lists was attributable to consultations currently being conducted between the British and the French working toward a common policy (ECA Telegram Files, Lot W-130, Paris Repto).

<sup>3</sup> The reference here is to Thomas K. Finletter, Chief of the European Cooperation Mission in the United Kingdom and Abbot L. Moffat, Chief of the Trade Division of the E.C.A. Mission, who were presumably in Paris.



items on which agreement has been reached. Brit have drawn up their own list which covers one hundred one out of one hundred sixty-one items on US 1A list. Items not on Brit list are either still under consideration by Brit Working Party or are not being recommended to Cabinet for export control. Brit list follows by air pouch.

2. Although Brit now agree that more than one control order may be necessary, before taking any action they wanted discuss common approach with other countries given 1A list by US. Initial consultation held Jan 17 at informal meeting in Paris outside OEEC framework called by French at Brit suggestion and attended by Italy, Netherlands, Belgium, Sweden, Switzerland, France and United Kingdom. Bizone not invited because (a) Brit feel this subject one for agreement between Bizone authorities and Washington and London, and (b) French and Brit felt other countries would be more reticent if American present.

3. At meeting Brit took lead in urging all countries approach 1A problem as a common security matter as well as in security interest each country. Brit gave other countries copies their draft list and explained consultation continuing on those items not yet agreed.

4. Brit indicated other countries in general anxious that control of 1A items not be considered by iron curtain countries as declaration economic warfare and are therefore most desirous handling matter discreetly. (Brit, however, informed us Poles well aware of list and in fact practically asked Brit for copy during trade negotiations just completed.) Without specifying reactions individual countries Brit stated there were three categories of reactions: (a) countries like France which agreed with Brit that each country should agree on its own 1A list in consultation with US, recognizing such action to be in its own security interest as well as broader mutual Western European security; (b) countries which wanted merely to accept US 1A list as information and guidance without further consultation ECA missions and without necessarily taking steps control all items; and (c) countries which approach subject in very circumspect fashion without agreeing to any firm line of action. Italian rep apparently not informed measure of agreement reached with his govt.<sup>4</sup> Brit reported he was almost inaudible and talked only about recent Italo-Soviet trade agreement.<sup>5</sup> Although other countries agreed this subject not

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<sup>4</sup> In the autumn of 1948 the Italian Government expressed its willingness to cooperate fully in the program to control exports to Eastern Europe.

<sup>5</sup> An Italian-Soviet Treaty of Commerce and Navigation together with agreements on trade, payments, and reparations was signed in Moscow on December 11, 1948. Materials on the concern of the United States with respect to these agreements are presented in *Foreign Relations*, 1948, vol. iv, pp. 489 ff.



one for exploration within OEEC framework, Netherlands and Belgium had received US 1A list so recently that reactions of their Paris reps were somewhat tentative. Brit was asked not to take any action in making public their list (which must be done when Brit puts items under export control) until other countries had time consider list and consult further. Brit meeting with French again Jan 26 preliminary to next meeting with other countries scheduled Jan 29. Brit will report results those meetings to us Jan 31.

5. In light reactions expressed at initial consultation Brit, while reserving complete freedom of action, told other countries they would consult us before deciding whether to place agreed items immediately under export control or accede wishes other participating countries and delay until further informal consultation with other European countries can be had. Brit reasons for further delay are: (a) by taking leadership as they are now doing and consulting further with other European govts before putting their list under formal export control it may be possible to secure more uniformity in other countries' list; (b) publication of Brit list now would inevitably restrict scope of negotiations between other countries and ECA since Brit current agreed list shorter than US 1A list; (c) publication Brit list in advance of further consultation and in advance of other countries applying controls may prejudice Brit future competitive status re trade negotiations with Eastern countries. Re (c) we pointed out Italians already were applying controls hence Brit would not be alone if list were laid before Parliament soon. Brit indicated clearly their feeling Italian controls would actually be only partially effective irrespective of any decrees on paper.

6. Brit now awaiting OSR and Washington reaction as to whether achievement of 1A security aims would be assisted by having Brit delay applying controls until other countries further along. Our tentative feeling is that delay up to four weeks might prove helpful provided Brit continue leadership with other countries, ECA consultations with other countries can advance, and other countries make effort catch up with Brit. Delay beyond four weeks would only cause footdragging by countries concerned. Concur that common consultations while helpful should not be used as excuse for procrastination and had already made this point clear to Brit. Brit most anxious that US not view such consultations as delaying tactic and appear more prepared to take leadership in encouraging other countries go along with common approach than they were several months ago.

7. Ref Torep 331 restd Toeca 404 Nov 12,<sup>6</sup> Brit still feel they must issue parliamentary order as statutory instrument which will un-

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<sup>6</sup> Not printed.

doubtedly raise questions in Parliament. FonOff insistent that no hint of discrimination be contained in published order but MOS and BOT feel administrative burden required by examination of export license applications irrespective of destination would be impossibly heavy and therefore wish to reduce number of examinations required. In effect this would be done by requiring licenses for all destinations but at same time or shortly after statutory instrument published by issuing supplemental order specifying that open licenses would be issued for certain named destinations such as Commonwealth, Western Hemisphere and OEEC countries. Brit will further consider details of control methods and keep us informed.

8. Because of difficulty of precise definitions Brit may control some few items through administrative action direct with manufacturers or exporters instead of requiring licenses. In these cases Brit want it clearly understood that such administrative controls may not prove 100 percent effective although in fact we are assured this type of control almost as effective as license requirement.

9. Ref para 3 London Repto 287 repto Dept Repto 2381<sup>7</sup> Brit were told Italian concern and feel presence Italian rep at Paris meeting sufficient to ensure Italian Govt knowledge Brit attitude on 1A list.

10. ECA please pass State. OSR please pass appropriate country missions.

Sent Paris Torep 519, rpto Washington Toeca 616.

SIEGBERT

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<sup>7</sup> Paragraph 3 of the message under reference (see footnote 2) reported that American ECA officials had been informed that the Italian position would be buttressed if the British Ambassador in Italy could unofficially communicate to Italian officials the British willingness to concert their efforts toward the achievement of a common policy.

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### *Editorial Note*

From January 26 to February 7, 1949, American and Czechoslovak representatives held a series of meetings in Praha on American property claims against the Czechoslovak Government. These discussions dwelt at length on the Czechoslovak desire for a financial credit and for the relaxation of United States export controls. For a summary of the discussions, see the extract from *Current Economic Developments*, No. 192, March 7, 1949, page 385.

London Embassy Files : 500 Marshall Plan : Telegram

*The Deputy Chief of the Economic Cooperation Administration Mission in the United Kingdom (Siegbert) to the Embassy in France*

SECRET

LONDON, January 31, 1949—7 p. m.

Torep 547. Ref Torep 519 rptd Toeca 616 Jan 24.<sup>1</sup>

1. Brit report meeting with French Jan 26 produced most cooperative attitude on part of French who have agreed with large majority of items on Brit-developed 1A list. Items not yet agreed to by French are those on which French place high commercial value in their trade and lesser importance security-wise. Brit state items not yet agreed to by French are those which Brit considered border-line cases but which Brit finally agreed to include their current 1A list.

2. Meeting with other countries originally scheduled Jan 29 postponed until Feb 2. Brit and French have agreed to take joint leadership with other countries to urge acceptance joint Brit-French list. Brit will report results this meeting to us Feb. 4.

3. Brit for first time indicated formally and clearly that if any other countries not prepared to go along with some or all of those items Brit have tentatively agreed upon, Brit will have to reconsider. This reconsideration would be a Ministerial one but Brit pointed out not only useless but internally politically impossible to embargo an item if another participating country refuses to embargo that item and produces it in sufficient quantity to meet requirements of Eastern European countries. Diesel electric generators cited as example since Swiss and Swedes both produce this item in substantial quantities. Brit state however if Switzerland or Sweden refuse to control entire list Brit would still control items which those countries do not produce in sufficient quantity to meet USSR and satellite requirements. Brit indicated French take same approach. Brit feel best approach solution this problem is to make every effort have other countries agree to as extensive a list as possible.

Sent Paris Torep 547, rptd [Washington] Toeca 645.

SIEGBERT

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<sup>1</sup> *Ante*, p. 70.



*Current Economic Developments*, Lot 70 D 467

*Current Economic Developments*

[Extract]

SECRET  
No. 187

[WASHINGTON,] January 31, 1949.

MODIFIED APPLICATION OF EXPORT CONTROLS TO FINLAND AND  
YUGOSLAVIA RECOMMENDED

The Department [of State] recently suggested to the interdepartmental committee established to advise the Secretary of Commerce on export procedures that a somewhat more favorable treatment in the application of export controls to Finland is justified since Finland cannot be considered within the bloc of Soviet-dominated states in the same sense as the other countries of eastern Europe. Our proposals for preferential treatment of Finnish applications have been generally accepted by the R Procedure Subcommittee, which advises Commerce on export license cases. Further interdepartmental discussions will be held before a firm and final decision is reached. We have also suggested to the advisory committee the adoption of expeditious handling of Yugoslav applications and a milder administrative interpretation of export policy toward Yugoslavia, but not as lenient as now prevails in the case of Finland. Even prior to the submission of our recommendations, applications from both countries had been given somewhat more favorable treatment than those of other countries more firmly in the Soviet bloc. Another modification of the export procedures has been the establishment of a new system of handling Austrian applications, which we hope will have the effect of expediting the clearance of Austrian cases with the screening authorities in Vienna.

*Export License Procedure* Since March 1, when the export procedure requiring individual licenses for all shipments to Europe became effective, all exports to the USSR and its satellites have been screened by the special advisory committee, composed of representatives of the Atomic Energy Commission, National Security Resources Board, National Military Establishment, and the Departments of State, Interior, Commerce, and Agriculture. In accordance with a Cabinet decision of March 26, 1948, the procedure, which was ostensibly instituted in order effectively to program exports essential to European recovery and to prevent an undue strain on the American economy, has been used increasingly as a means of controlling the export of certain key commodities which might be used in the development of the war potential of the Soviet Union and its satellites.

*Department's Position and Recommendations on Finland* In requesting more favorable treatment for Finland, we pointed out that while Finland might be considered as being geographically within the area of eastern Europe, it is clear from economic, cultural and political points of view that Finland is a predominantly northern European country. The Finnish economy has maintained its traditional Scandinavian character, that is, a mixture of socialism and capitalism, plus cooperatives, with a trade orientation predominantly toward the west. It is in the interest of the US to support Finland in maintaining a satisfactory level of economic activity and a reasonable standard of living, thereby enabling Finland to retain a stable government with an orientation toward the west.

In support of the position that Finland should not be placed in the same category as the countries whose economic and political structures are designed to contribute to the Soviet war potential, we pointed out that it is the considered opinion of our mission at Helsinki that the Finns would resist strongly any attempt by the USSR to interfere in the internal economy of Finland and that any Soviet attempt to incorporate Finland in the eastern bloc, either economically or politically, would meet resistance. Before the Russians can acquire the benefits of Finland's economy, other than through fulfillment of recognized reparations obligations, overt action would be required. This might be the case in any of the ERP countries.

Also having a bearing on our decision is the fact that Finland is one of the countries with which we will soon open negotiations leading to a new trade agreement within the framework of the General Agreement on Tariffs and Trade; Finland was also active in the work of the UN Conference on Trade and Employment at which the Charter for an ITO was drawn up.

For purposes of administering export controls, we therefore proposed that Finland be regarded as falling in a special category, neither among the countries of the Soviet bloc nor among the group of countries participating in ERP. The specific recommendations, which we feel afford sufficient flexibility to adjust action on Finland should the necessity arise, include: 1) Class 1-B (restricted) cases should be approved as a general rule; 2) Class 1-A (prohibited) cases should be referred to Legation Helsinki's screening committee for views as to end use, importance to the Finnish economy, and quantity; and 3) class 2 cases—those of indirect military significance or of considerable importance to the industrial potential—should be approved without reference to the subcommittee.

[Here follows a summary exposition of the Department of State's evaluation of the Yugoslav situation. For detailed documentation on

United States economic relations with Yugoslavia, including the relaxation of export controls, see pages 854 ff.]

840.50 Recovery/2-549 : Telegram

*The Ambassador in France (Caffery) to the Secretary of State*

SECRET

PARIS, February 5, 1949—2 p. m.

496. Pass ECA as Toeca 650 for David Bruce and McDaniel.

1. At Foreign Office meeting re east-west trade February 4, attended by Embassy, Bruce mission and OSR representatives, Alphand presented list of arms now prohibited, for export to Eastern Europe as well as agreed Anglo-French 1 A list which French and British intend urge other participating countries to accept and implement.

2. Armaments now subject control all destinations under Ministry National Defense *arrêté* of 4 September 1939. Alphand stated no armaments are in fact being exported to Eastern Europe but new special directive being issued prohibiting any such shipments. He reaffirmed previous statement (Embtel 247, January 19, Toeca 595<sup>1</sup>) that with exception civil aircraft under 300 hp French arms list conforms generally to US munitions list but is being revised to include recently developed weapons. (On civil aircraft point we restated and maintained US position.) He handed us copy this list extracted from *arrêté* referred above.

3. Alphand also handed us copy of Anglo-French agreed list stating that British Foreign Office also same day handing list to US representatives London. Joint list, which is their version US 1 A list, contains 125 items, including some not contained in US list, to be withheld from export to Russia or satellites. Prior to putting this list into effect, however, Alphand stated French and British will attempt obtain adherence by other participating countries both as to export and reexport. Final decision as to extent adoption this list will depend on degree such adherence obtained. Alphand expressed French view that it would be useless from security standpoint and commercially disadvantageous to deny exports of items not prohibited by other countries. He urged that US representatives in other countries join French and British in urging acceptance this list. We pointed out our missions could be counted on to press not merely for adherence to Anglo-French list but for maximum adherence US 1 A list.

4. We informed Alphand that lists would be sent Washington for comment and that he would be advised later of US views. He re-

<sup>1</sup> Not printed.



affirmed position that decisions involving French national security are French prerogatives and not connected with US aid: that while he would be pleased to have any comments we could offer, the French Government "do not consider this a matter for negotiation".

5. We said that perhaps we might be able persuade French of importance from standpoint their own security of including other items on list and that reciprocally we would welcome their suggestions for additions to US list.

6. US opposition to shipment cartridge plant to Yugoslavia was reaffirmed; Alphand thanked us for our views but said French would independently arrive at own decision in this matter. He added for our information that no commitment yet taken.

7. Discussions with French and others are rapidly approaching point where US position with respect Anglo-French list should be taken. Instead of discussion our list item by item to reach agreed parallel lists (the procedure anticipated Torep 816<sup>2</sup> and with which French heretofore indicated agreement), French approach now is that they have received our 1 A list for information and have in turn presented us the agreed joint Anglo-French 1 A list for our information. This "arms-length" dealing obviously highly unsatisfactory and we foresee that other participating countries will probably utilize existence two 1 A lists, with differences due to complex of economic and strategic factors, to delay adherence either list. Further danger is that discussion of joint Anglo-French 1 A list with other participating countries may well lead, even if adherence should be finally obtained from all, to a list which is merely least common denominator and omits many items considered by us to be of important security significance. Urgent instructions appreciated.

8. Will comment by wire re both lists; copies by airmail to Department and ECA.<sup>3</sup>

9. Embassy, OSR, and Bruce mission in full agreement this message.

Sent Department as 496, repeated London as 97.

CAFFERY

<sup>2</sup> Telegram 3352, Torep 816, August 27, 1948, to Paris, set forth the basic instructions regarding the implementation of United States policy on East-West trade. The telegram is printed in *Foreign Relations*, 1948, vol. iv, p. 564.

<sup>3</sup> The two lists under reference here were transmitted to the Department of State as enclosures to despatch 138, February 7, from Paris, none printed (840.50 Recovery/2-749). In his telegram 539, February 7, from Paris, not printed, Ambassador Caffery observed that the Anglo-French 1A list included about 75 out of the 161 items on the US list and added about 35 items to the US list. Caffery also noted that there was a considerable divergence between the Anglo-French list and the US list both as to numbers of items and terminology (840.50 Recovery/2-749).

ECA Telegram Files, Lot W-131, Paris Torep : Telegram

*The Administrator of the Economic Cooperation Administration  
(Hoffman) to the Embassy in France*

SECRET

WASHINGTON, February 9, 1949—5 p. m.

Torep 3218. Re London Toeca 665, rptd Paris Torep 568, Feb 5<sup>1</sup> and Paris Toeca 650, rptd London as 97.<sup>2</sup>

1. Disturbed over fact that Anglo-French I-A list appears to contain less than 100 items US I-A though it includes atomic energy items and some items not on US list.

2. Atomic Energy List being negotiated separately and should not be included on I-A list. Furthermore security considerations require separate treatment and items should not be discussed in connection ECA negotiations. State will wire Paris re atomic energy items with idea using present circumstance as opportunity press Fr for agreement relevant atomic energy export controls.<sup>3</sup>

3. Believe British may have acted prematurely in agreeing to establish joint list with French at this time particularly as there are many unsettled items which British apparently willing accept pending further info. Therefore believe talks with other govts based Anglo-French list should be discouraged at this time.

4. US military preparing further info available this week which should enable further understanding with British for longer I-A list. Most desirable that British take leadership in gaining cooperation other govts but not until maximum agreement reached by U.K.

5. If no compromise proves possible at technical level for substantial increase present British list suggest consideration approach on cabinet level. Perhaps desirable that Douglas<sup>4</sup> and Siegbert approach Bevin and Cripps.<sup>5</sup> Harriman and Finletter concur. State concurs.

Sent London Ecato 662; rptd Paris for Harriman as Torep 3218, passed to Bruce Mission.

HOFFMAN

<sup>1</sup> Not printed. It reported that the British had found the French most cooperative in developing an agreed Anglo-French IA list. Switzerland, Sweden, Belgium, the Netherlands, and Luxembourg were definitely not inclined, however, to go along with the British approach. These smaller countries refused to engage in any control of exports involving discrimination against participating countries. The proposed British IA list appeared to include 98 of the 163 items on the current US IA list.

<sup>2</sup> *Supra*.

<sup>3</sup> The instructions referred to here were transmitted in telegram 496, February 11, to Paris, not printed. For documentation on the control of the export of nuclear equipment and materials, see vol. 1, pp. 419 ff.

<sup>4</sup> Lewis W. Douglas, Ambassador in the United Kingdom.

<sup>5</sup> Sir Stafford Cripps, British Minister for Economic Affairs.

840.50 Recovery/2-1649 : Telegram

*The Ambassador in France (Caffery) to the Secretary of State*

SECRET

PARIS, February 16, 1949—6 p. m.

670. Pass ECA as Toeca for David Bruce and McDaniel.

1. According Foreign Office informant, east-west trade meeting attended by French, British, Swiss, Scandinavian and Benelux representatives held Paris February 14; Anglo-French list (Embtel 496 February 5, Toeca 650<sup>1</sup>) was presented and contents discussed in general.

2. All countries agreed as to importance some form security measures, but many had reservations re control various items on joint list because severe effect on trade. Official stated confidentially that Dutch appeared more reluctant than any other country.

3. A major concern was question devising practical methods export control. Establishment control machinery expected to be difficult with attendant undesirable publicity almost impossible avoid.

4. Possibility eventual establishment common list agreed to by all highly doubtful in French view.

5. List now being studied by participating countries; future meetings to be held Paris for purpose obtaining further views and reconciliation of differences. Apparently future discussions this subject will be on multilateral basis, and respective countries to be represented by their representatives to OEEC.

6. Official reaffirmed French view that Anglo-French approach to control problem offers best way attain security objectives. French ground for this view is that participating countries will cooperate more fully on "voluntary" basis than under "pressure" from US.

7. Official stated French continue to condition extent their own final adherence to list on extent adherence other participating countries.

OSR informed.

Sent Department as 670, repeated London as 140.

CAFFERY

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<sup>1</sup> *Ante*, p. 77.



*Current Economic Developments*, Lot 70 D 467

*Current Economic Developments*

[Extract]

SECRET

[WASHINGTON.] February 21, 1949.

No. 190

LIMITING NATURAL RUBBER SHIPMENTS TO THE USSR

The USSR has been purchasing large quantities of the natural rubber of types suitable for stockpiling. It is believed that if some preventive action is not taken, the Soviets are likely to have by the end of 1949 a strategic stockpile sufficient to support consumption for over two years. In view of our concern, the UK has inquired if we would buy rubber which otherwise would go to the USSR, providing the producing countries would agree to regulate shipments to eastern Europe. Preclusive buying or additional procurement in one market alone is not the answer. The Department plans to discuss with the Munitions Board, the Department of Commerce, and ECA means to increase US purchases of natural rubber in order to reduce the amounts available in the world market for purchase by the USSR. Then, if these interdepartmental discussions are satisfactory, the Department will attempt to reach understandings with the producing countries in order to limit their shipments to the USSR.

*USSR Believed Stockpiling Rubber* Of the 125,000 metric tons of natural rubber received by the USSR in 1948, it is estimated that 80,000 tons were added to stocks. Soviet receipts represent about 8% of world production, as contrasted to normal prewar receipts of 3%, and only the top three grades—those suitable for stockpiling—were purchased. The British believe that if permitted to do so, the Soviets will purchase enough natural rubber in 1949 to make their strategic stockpile sufficient for nearly three years' consumption.

*Possible Restriction of Soviet Access to Natural Rubber* Although there has been interdepartmental agreement that it would not be possible to deprive the USSR entirely of natural rubber, it might be practicable to limit shipments to the USSR to requirements for current consumption. Effective containment of the USSR would require correlated export control in all major producing countries.

It is exceedingly unlikely that any of the rubber producing countries would be willing to restrict exports to the USSR and its satellites unless guaranteed that the action would not result in a rubber surplus

and declining rubber prices. Therefore, if the US is to request the producing countries to control exports to eastern Europe, it must be prepared to support the natural rubber market at an agreed level. The market for natural rubber is controlled in large degree by US purchases and policies. In 1948 US industry consumed a tonnage equivalent to 41% of world production. Of even greater importance to the world market than quantity purchased, is US policy: the price at which government-produced synthetic rubber is sold in effect sets a ceiling on the price of natural rubber, and the existence of a world rubber surplus depends on the quantity of natural rubber procured for the government stockpile and the proportion of synthetic that must be consumed because of government regulations.

*Requirements of Proposed Rubber Program* In order to be effective in depriving the USSR of rubber, the program would have to include a commitment from all major producing countries: 1) to limit exports to eastern Europe to a specified tonnage; 2) to be content with deliveries of specified tonnages for the US stockpile; and 3) to institute export controls. Such a program probably also would need to include as a minimum a commitment from the US to purchase a specified quantity of rubber for stockpile at a predetermined rate at prevailing market prices.

*Natural Rubber Strategically Important* The US is stockpiling natural rubber as a strategic and critical material indispensable in the manufacture of large truck and airplane tires and highly desirable in the manufacture of other products important to both the military and civilian economies.

Both the US and the USSR are dependent for natural rubber on countries in the Far East, principally Malaya, Indonesia, Ceylon, Siam, French Indo-China, and Burma. In turn, the economy of all Southeast Asia is in large measure based on natural rubber. A poor market for natural rubber would add to the political unrest already evident in the Far East, while an improved market would tend to stabilize conditions.

Rubber is important also in east-west trade. The Netherlands has formal commitments to supply natural rubber to Bulgaria, Czechoslovakia, Finland, Hungary, Poland, and the USSR. Rubber was described as a keystone in the recently concluded trade agreement between Poland and the UK, and in its trade agreement with the USSR the UK agreed to facilitate shipments of natural rubber to the Soviets.

*Recent and Imminent Rubber Discussions with Other Countries* In October 1948 the USSR offered to buy Ceylon's 1949 output of high-grade rubber. (See page 9, November 22, 1948 issue of *Current Eco-*

*nomic Developments*.<sup>1</sup>) After conversations with the US and the UK, Ceylon declined to enter into a government-to-government rubber contract with the Soviets. The Ceylonese Ambassador has discussed the rubber problem with officers of the Department and further discussions may be held.

US-UK discussions of the problem presented by Soviet rubber buying were held in Washington on January 14, 1949, at the request of the British. The British had refused our request that they prevent further shipments of rubber from Malaya to the USSR when Ambassador Douglas raised the question with them last July. They then contended that there was no evidence of Soviet rubber stockpiling; that sales of natural rubber to the USSR were in accordance with the existing USSR-UK trade agreement<sup>2</sup> and were considered ordinary commercial transactions; and that the UK must obtain Soviet grain. (See page 2, August 9, 1948 issue of *Current Economic Developments*.<sup>3</sup>) In the January meeting, however, the UK admitted that if the USSR is permitted to continue unrestricted purchases, it will be able to stockpile natural rubber, and they asked whether the US would be willing to increase its stockpile purchases by 70-90,000 tons a year in order to prevent this quantity from going to the Soviets.

A general discussion of the world outlook for rubber will take place in March at the sixth meeting of the Rubber Study Group, of which two Iron Curtain countries are members.

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<sup>1</sup> The referenced portion of *Current Economic Developments* for November 22, 1948 is not printed. For documentation on the interest of the United States in the possible sale of Ceylonese rubber to the Soviet Union, see *Foreign Relations*, 1948, vol. iv, pp. 489 ff.

<sup>2</sup> The Soviet-British trade agreement of December 27, 1947.

<sup>3</sup> Not printed; documentation on the interest of the United States in the British sale of rubber in 1948 to the Soviet Union is included in the compilation cited in footnote 1.

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501.BD Europe/2-2249: Telegram

*The Consul at Geneva (Troutman) to the Secretary of State*

CONFIDENTIAL

GENEVA, February 22, 1949—8 a. m.

194. Noce 467. Supplementing Noce 451 and 432.<sup>1</sup>

1. First session ECE trade committee adjourned Saturday night after plenary had considered reports three *ad hoc* working parties created to discuss respectively (a) short term trade and payments

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<sup>1</sup> Neither printed.



problems; (b) long term trade expansion problems; (c) other problems.<sup>2</sup> First two WP's dealt with parts I and II of secretariat paper IDT/23; third with part III and with EE allegations that US export license Poland is discriminatory obstacle to expansion east-west trade. Each WP included representation all participating countries.

2. Re trade and payments mechanisms. WP 1 discussion business-like but unexciting. On basis WP report, committee passed relatively innocuous resolution requesting secretariat make further studies certain technical problems raised in its report. US Del dubious whether anything consequential will result but considers important that effort be made to explore all possibilities of constructive action within committee's present reference terms.

3. WP 2 discussions provided best test willingness of participating countries supply basic trade data but test inconclusive. French proposal, supported by OEEC countries (and privately by Poland), outlined procedure as follows: (a) secretariat in consultation with governments to prepare short list of raw materials and essential commodities whose production and export could be increased; (b) countries willing produce additional export these items would advise maximum production on basis full use existing facilities and supplementary production and resultant increase in exports if additional means of production were imported, specifying nature and value of required articles; (c) countries desiring additional imports these items to advise amount thereof; (d) data received to be circulated and then examined at next session and in proper cases forwarded to technical committees.

Czech proposal supported by USSR, requested secretariat report on (a) commodities in short supply in Europe and being imported from overseas, (b) possibilities expanding European production thereof, (c) obstacles to such expansion, (d) steps required by governments to achieve expansion. Czech proposal concentrated attention on increased production without linking it to increased exports; opened door to rediscussion US licensing policy as obstacle and too premature requests for international financing. Proposal furthermore

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<sup>2</sup> The first session of the Economic Commission for Europe's Committee on the Development of Trade was held in Geneva, February 14-19, 1949. A seven-page report on the session was transmitted to the Department of State in airgram A-42, March 17, from Geneva, not printed (501.BD Europe/3-1749). Paul R. Porter, United States Deputy Representative to the Economic Commission for Europe, headed the United States Delegation to the session. The decision to establish the Committee on the Development of Trade had been made by the *Ad Hoc* Committee on Industrial Development and Trade of the Economic Commission for Europe in the course of a session held in Geneva, September 27-October 5, 1948. For an account of the *Ad Hoc* Committee's session, see telegram 1363, October 6, from Geneva, and footnote 1, *Foreign Relations*, 1948, vol. iv, p. 570.

did not commit governments supply any data. Myrdal<sup>3</sup> made strong statement re fact that secretariat studies useless unless governments committed to supplying essential data.

Upshot of long discussion was unanimous adoption compromise resolution requesting secretariat "in consultation with governments concerned" (1) to prepare brief list commodities in short supply in Europe, (2) to determine possibilities of expanding production and export these commodities and need for equipment and other goods in order to achieve such expansion of production and export.

4. WP 3 devoted chiefly to discussion EE charges against US export license policy. Czechoslovakia introduced resolution asking secretariat to investigate policy, including range and total value of commodities involved, economic effects of policy and "extent of differential application of US system, in light of theory and practice of international commercial policy." In opposing Czech proposal Western countries took line that this a political subject already discussed in other forums including GA and time and energy of secretariat and delegates would be better spend on other matters. USDel reply repeated oft-stated reasons for US export license control. Said that if proponents of Czech resolution seriously interested in discrimination they would look closer to home. Then mentioned various types of discrimination practised by USSR and peoples democracies and concluded that absence any mention such forms of discrimination meant resolution introduced for political purposes only. No decision on resolution reached in WP.

After plenary when Czech resolution taken up Netherlands delegate moved for closure of debate. USSR argued speciously that debate not yet opened; therefore could not be closed. Chairman effected compromise that only two should be heard on resolution, one for and one against. USSR spoke for, USDel spoke against, both employing same arguments used in WP. Debate then closed, resolution defeated 11-6.

5. Committee never did succeed in electing permanent chairman. Filippi<sup>4</sup> chaired WP 1, Lychowski<sup>5</sup> WP 2, Myrdal WP 3, and plenary sessions. Trade committee will meet again in May about time of fourth ECE session chiefly to continue work initiated by WP 2.

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<sup>3</sup> Gunnar Karl Myrdal, Executive Secretary of the Economic Commission for Europe as well as of the Committee on the Development of Trade.

<sup>4</sup> Jean Filippi, French Representative to the Economic Commission for Europe and to the Committee on the Development of Trade.

<sup>5</sup> Dr. Tadeusz Lychowski, Director of the Economic Department of the Polish Foreign Ministry; Polish Representative to the Economic Commission for Europe and to the Committee on the Development of Trade.



## 6. Comment:

a. This first time USSR has participated in regular session of any ECE technical committee. Was definitely less obstreperous than at previous Geneva meetings with result that committee still in business and widespread feeling that meeting was successful though positive accomplishments limited. USSR and satellites stressed importance of increased east-west trade to welfare of Europe as whole and need for development EE. Also strongly favored extension bilateral agreements. EE obviously interested in securing equipment, credits, development goods. May simply be laying groundwork for renewed attempt at next committee meeting to secure separate economic development committee. Numerous anti-US attacks at trade meeting but confined primarily to specific allegations that export licensing policy interferes with orderly development east-west trade and hurts both western and eastern Europe.

b. OEEC countries, particularly France and Sweden, better prepared and better led than at earlier meetings. Result to OEEC alertness was that US could assume background role except when directly attacked.

c. While public support of OEEC countries for US on discrimination resolution was unwavering, there are strong private misgivings about wisdom of our policy as understood in Europe, particularly breadth of restrictive lists.

d. US concurred against its better judgment in creation of these WP's one to do business and one for blowing off steam. Technique, however, was successful and WP 1 and 2 as well as plenary discussions were relevant and on fairly high level.

e. Porter can supply additional information on arrival US. Fuller report coming by airgram.<sup>6</sup>

Sent Department 194, repeated Paris Torep 215.

TROUTMAN

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<sup>6</sup> See footnote 2, above.

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861.50/1-2749: Telegram

*The Secretary of State to the Embassy in the Soviet Union*

SECRET

WASHINGTON, February 25, 1949—5 p. m.

108. Depts comments on recommendations urtel 212 Jan 27<sup>1</sup> fol:

(a) Agree background and meaning "Council Economic Mutual Aid" shd be exposed. This being done VOUSA etc.

(b) Problem relationship US gold policy to Sov economic warfare under study by interested agencies, distinction being made official (intergovernmental) and private (black, gray and legal free market) operations. Except for Pol gold sale in 1947, preliminary survey in-

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<sup>1</sup> Ante, p. 1.



dicates official US-USSR and satellite transactions sporadic and small recent past (mostly limited to recall from earmark accounts in US) practically coming standstill by near exhaustion such accounts.

Re private (free market) transactions involving USSR and satellites, systematic but uncompleted analysis tentatively indicates: (1) sizeable volume such transactions; (2) violent price fluctuations in same markets; (3) wide price margins in different markets at same time; (4) higher prices in Near East and still higher in Far East markets compared to West Eur, explaining continuous flow gold so traded from West Eur to Near and Far East; (5) supply only minor extent coming from US via Latin America, with bulk after exhaustion West Eur excess hoardings recently from USSR and satellites.

Hope analysis will enable arrive conclusions (a) whether and what extent Sov bloc participation gold trade constitutes vehicle Sov political-economic strategy and to what goal; (b) if so, what countermeasures can be taken.

Would appreciate further clarification re (b) esp which kind Sov "interference functioning ERP" Emb has in mind. Believe illegal, esp subversive, operations unlikely be significantly curtailed by controlling legal transactions; other means foreign and domestic policy appear better designed achieve this objective. Problem difficult, however, and under active study. Re circumvention export controls, believe this can best be combatted by enforcement US controls and parallel policies ERP countries. See (c) below.

(c) Agree on need tighten checks on communication lines from Bizzone and other ERP countries re illegal shipments East. Bizzone taking strong steps prevent illegal trade. Smuggling rings being tracked down, centralization border control forces recommended, Tripartite Customs Com formed. As Emb aware, Dept and ECA currently attempting negotiate parallel export control policies with ERP countries. Commerce also seeking their assistance in enforcement US export controls.

(d) Since Embs and Depts chief concern is what Sov bloc does with dollars earned thru exports to US of luxury goods other nonessential items, believed export controls best means taking care problem insofar legal use dollars involved. Re illegal or subversive use dollars, believe problem can best be attacked thru other means than import controls. US import controls cannot be established without legislation. Not only importers luxury goods etc. strongly opposed establishment import controls but entire business community strongly averse introduction additional controls any kind. Problem further complicated by fact that, to be effective against Sov bloc, US import controls may have to be instituted vis-à-vis all foreign countries. This problem under study together with problem proceeds of gold sales discussed in (b).

(e) Agree re offering all aid and comfort to technical and scientific fugitives from East Eur countries.

(f) Review of export licenses for Amer machinery to East Eur countries intended insure increased deliveries to West indicates shipments to ERP countries have so far had results intended, though time period short one. E.g. re mining equipment licensed for Pol under Eximbank credit, Pol to date given no indication intention curtailing coal exports to West but have actually increased such exports beyond our estimates. This undoubtedly due Pol need foreign exchange, but this and similar *quid pro quo* transactions specifically based by US such self-interest East Eur countries in order insure ERP countries raw materials from non-dollar sources.

For your information Dept believes more difficult situation likely respect US export control policy shortly: Seller's market prevailing to date has made imposition and enforcement security export controls relatively simple. However signs multiplying that seller's market falling off, esp such industries as machine tools, locomotives, bearings etc. Affected interests may press for relaxation export controls to East Eur, directly and via Congress, esp because West Eur competitors not hampered controls as strict, and impossible secure West Eur cooperation restricting exports extent US has to date.

Pouched Belgrade, Bucharest, Budapest, Geneva for Porter, Helsinki, London, Paris for Harriman, Praha, Sofia, Warsaw.

ACHESON

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Helsinki Legation Files : 511.2

*The Executive Secretary of the Advisory Committee on Requirements (Garrett) to the Director of the Office of International Trade of the Department of Commerce (Blaisdell)*<sup>1</sup>

SECRET

[WASHINGTON,] March 3, 1949.

#### ACR PROGRAM DETERMINATION No. 118

The U.S. Export policy toward Finland has been established as follows:

*Class IA Items:* All export license applications involving Class IA items for shipment to Finland shall be referred to the R Procedure

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<sup>1</sup> The source text was transmitted as an enclosure to instruction 14, March 16, to Helsinki, not printed. A copy of instruction 14 is included in the Department of State's Central Files in file S40.50 Recovery/3-1649, but none of the enclosures is there retained.

The decisions presented in this document were proposed as recommendations by the Operating Committee of the Advisory Committee on Requirements following its meeting on February 7. At that meeting, the Operating Committee con-

Subcommittee for review. Simultaneously, the R Procedure Subcommittee shall attempt to classify those Class IA items clearly of a character for which some shipment to Finland ought to be permitted. As a result of this classification, there shall be produced as soon as possible a "List of Class IA Exceptions for Finland", subject to such revisions, clarification and specification as shall be found advisable and appropriate in the light of the continuing review of Class IA items and future conditions. This list of Class IA Exceptions for Finland shall be made available to ECA for use in arranging parallel modifications of exports by participating countries to Finland.

Cases involving Class IA items shall generally be denied for shipment to Finland, except for the limited number of exceptions as above, which later may be approved for shipment to Finland when they meet the conditions and criteria set forth below.

*Class IB Items:* All export license applications involving Class IB items for shipment to Finland shall continue to be referred to the R Procedure Subcommittee for review. The Subcommittee shall make a special effort to formulate export programs and/or licensing criteria in order that actions on groups of cases may be facilitated through delegation of authority to the OIT. In formulating such export programs and/or licensing criteria, and in recommending actions on individual cases, the Subcommittee shall give consideration to the conditions and criteria set forth below. However, these conditions and criteria shall be construed more liberally in the case of Class IB items than in the case of Class IA items.

*Class II Items:* Special effort shall be made by the R Procedure Subcommittee to establish the official definition and composition of the Class II List in order that export license applications involving these items may be handled, in so far as practicable, through open licensing, export programs, or licensing criteria with appropriate delegation of authority to the OIT. Meanwhile, cases involving Class II items shall continue to be handled on an *ad hoc* basis.

*Conditions and Criteria:* In general, the R Procedure Subcom-

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sidered the recommendations of the Department of State summarized in *Current Economic Developments*, No. 187, January 31, p. 75. ACR Document No. 16, February 14, which was also transmitted to Helsinki as an enclosure to instruction 14, recorded the recommendations of the Operating Committee on export policy vis-à-vis Finland at its February 7 meeting. There was a consensus of the Operating Committee in favor of a liberalization of export policy to Finland and the development of techniques for the accelerated handling of export applications for that country. It was recognized that the recommendation represented a calculated risk with respect to certain strategically important classes of items. For the reasons advanced by the Department of State, however, it was felt that the risk was less important than the advantages to be gained. A few Committee members would have preferred to have withheld the modification of the policy with respect to Finland until there had been a full review of the matter by the National Security Council or the Cabinet.



mittee shall use the following conditions and criteria for arriving at recommendations for appropriate action on export license applications involving Class IA, IB and II items, with the understanding that the degree of applicability shall vary in accordance with the gradations of strategic importance of the items involved:

a. That the materials or commodities will be for non-military, domestic use by reliable concerns.

b. That the materials or commodities are clearly essential to the basic economy of Finland.

c. That the quantities do not exceed minimum, short-term requirements.

d. With respect to short supply items, that the U.S. supply situation and ECA country requirements are not impaired; or else, that overriding considerations of foreign policy are properly certified in accordance with Section 112(g) of ECA Act. Furthermore, that U.S. foreign commitments (viz., occupied areas, etc.) and requirements of other friendly countries are not seriously impaired, except where overriding considerations of foreign policy exist.

*Inquiries to Screening Committee in Helsinki:* The R Procedure Subcommittee shall determine when inquiries in appropriate cases (or with respect to groups of cases where export programs, licensing criteria or open licensing are involved) shall be forwarded to the U.S. Legation Screening Committee in Helsinki for advice.

Procedures for dispatching airgrams to the Screening Committee in Helsinki and receiving replies therefrom shall be formulated by the OIT and the State Department, subject to approval of the R Procedure Subcommittee.

*Reparations:* The R Procedure Subcommittee shall review all cases involving reparation items classified as IA, IB, or II for delivery by Finland to the USSR under the general presumption against the approval of such items, with or without further manufacture, for transmittal through Finland to the USSR as reparation items, if such items would not be licensed for shipment direct to the USSR.

The R Procedure Subcommittee shall also review all cases involving Capital Equipment or Facilities classified as IA, IB, or II with which end products are to be manufactured, or processed for delivery as reparations to the USSR, under the general presumption against approval for shipment to Finland, if such manufactured or processed end products would not be approved for direct shipment from the U.S. to USSR.

JOHN D. GARRETT

660D.119/3-849

*Memorandum of Conversation, by Mr. Karl L. Anderson, Adviser on  
Supplies, International Resources Division*

SECRET

[WASHINGTON,] March 8, 1949.

Participants: Dr. K. T. Jutila, Finnish Minister  
Dr. V. O. Jarvinen, Commercial Adviser to Consulate  
General of Finland, New York  
Mr. Karl L. Anderson, IR

Upon Dr. Jarvinen's invitation, I met him for luncheon on Tuesday, March 8. When I arrived at the restaurant I found that Dr. Jutila had come with Dr. Jarvinen.

It was a little hard for me to figure out precisely what Dr. Jarvinen and Dr. Jutila had on their minds. The Minister absorbed the greater part of the conversation during most of the lunch period, commenting at considerable length upon the recent changes in Moscow.<sup>1</sup> His comments in this regard certainly were not intended to convey any particular information or to make any particular point—they were merely conversational. One theme, however, to which he recurred a number of times, was that in interpreting the changes in Moscow, the rivalry between the Russians and the Caucasians should not be ignored. It was his personal opinion that the Russian element (i.e., the aggressive element) had been kept in check as a result of the new appointments. The Minister commented briefly also upon the rumors of Soviet troop concentration at the Finland border, which rumors he was not inclined to take seriously, and upon the political situation within Finland, upon which his comments were both brief and, I thought, cautious.

Throughout this part of the conversation Dr. Jarvinen appeared a little impatient. He looked as if he wanted to urge the Minister to come to the point. Noticing this, I took occasion to ask Dr. Jarvinen whether there were any particular export license problems about which he wanted to talk with me, and he appeared glad to have the question asked. He at once said that although there were two or three cases to be discussed with the Commerce licensing officers, there were none of any importance and none which he wanted to discuss with me. The Minister joined in immediately to say that they had received a large number of licenses from the Department of Commerce within the past few days and were very grateful to receive them. Both the Minister and Dr. Jarvinen stated that they felt their main problems to be solved

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<sup>1</sup> The reference here is presumably to the changes in leadership in the Soviet Ministries of Foreign Affairs and Foreign Trade announced March 5-6. Regarding these changes, see p. 584.

now in an entirely satisfactory way.<sup>2</sup> Dr. Jutila asked me whether it would be a good idea for him to talk with Secretary Sawyer,<sup>3</sup> to thank him for his cooperation, and I told him that I thought this would be entirely appropriate, commenting that every man, no matter how sour, likes to be thanked for doing things.

Dr. Jutila then went on to say a rather odd thing. He said that Finland would be in the best position if only there could be reasonable assurance of supplies of goods sufficient to meet immediate short-term requirements; it was not necessary, he said, for there to be anything more than this. He indicated that if there were more than this, there might be some danger to Finland. I commented that in the case of some programs recently established we had necessarily limited approval to the short-term requirements, and that I was glad to have his approval of this practice. I was especially interested in this comment of the Minister's, because I had asked Dr. Jarvinen about essentially the same matter only two or three weeks ago. The question I asked him was whether Finland would like to be treated the same way as the United Kingdom in matters of export licensing. He had answered quite flatly, "No; that would be dangerous for Finland."

My impression is that Dr. Jarvinen must have spoken to the Minister about the question I had asked, and the Minister must have considered the point significant enough to warrant his making comment himself. Certainly there did not appear to be any reason other than this for our meeting on Tuesday.

[KARL L. ANDERSON]

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<sup>2</sup> Regarding the procedures for the liberalization of control of exports to Finland, see Advisory Committee for Requirements Program Determination No. 118, March 3, *supra*.

<sup>3</sup> Charles Sawyer, Secretary of Commerce.

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ECA Telegram Files, Lot W-130, Paris Repto : Telegram

*The Special Representative in Europe for the Economic Cooperation Administration (Harriman) to the Administrator of the Economic Cooperation Administration (Hoffman)*

CONFIDENTIAL

URGENT

PARIS, March 10, 1949—10 p. m.

Repto circular 141. Recent increase of press inquiries on East-West trade led us to formulate general line of statement for publication on problems in this field.<sup>1</sup> Have given out argument to *Le Monde* (story

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<sup>1</sup> In his telegram Repto circular 144, March 14, from Paris to Hoffman in Washington, not printed, Ambassador Harriman observed that the concerted Communist propaganda line in Europe attacking the North Atlantic Pact had been characterized by an accentuated denunciation of American East-West trade policies. The ECA missions in Europe were under daily pressure for background information and clarification that was positive and convincing (ECA Telegram Files, Lot W-130, Paris Repto).



appeared Tuesday March 8 giving well-rounded report; translation being airpouched to you), London *Times* and French Press Agency.

For your guidance we are following in press interviews points listed below :

1. Hoffman and Harriman have stated and reiterated importance East-West trade to European recovery. Study of current European statistics indicates this trade has increased. OEEC interim report emphasized magnitude East-West trade will reach in 1950.

2. US and ERP countries have parallel security problems and community of interest in maintenance peace.

3. Policy has been established by US to maintain control over US exports of obvious war material, such as jet engines, guns, ammunition, etc.

4. There have not been any formal negotiations or *démarche* with representatives of European countries to "restrict" shipment of a definite "list" of items to Eastern Europe, in addition to war material.

5. ECA officials, however, have held discussions with representatives of ERP countries to make known to them US policy being followed on maintenance of its own security and its views on shipment of Eastern Europe of what US deems to be potential war material. ECA believes it inaccurate to refer to any "list" of restricted items. ECA is concerned with groups of finished products which have direct military value. Under certain circumstances a particular type or volume of product that is being sought for account of Eastern European countries will have to be judged on basis of its war potential. Obviously, abnormal purchases of an item for stockpiling by Eastern European countries brings into question whether or not such purchases may ultimately affect US security.

8. ECA believes ERP participants, as part of their security may wish to adopt policy parallel to US when making decisions as to what items should be shipped to Eastern Europe.

7. ECA disavows that any "pressure" is being made against any ERP participant, by threats of curtailment of dollar aid, to follow US security policy on type and quantity of shipments that can be exported to Eastern Europe. ECA emphasizes that decisions rest with individual countries and has not talked of sanctions.

In summary, US does not wish to encourage building up military potential Soviet Union and believes ERP participants share same viewpoint.

Sent Washington ; repeated Frankfurt for Collisson.

HARRIMAN

861.50/3-1549 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, March 15, 1949—4 p. m.

660. Following are requested comments Deptel 108, February 25.<sup>1</sup>

Embassy expects completion Department's analysis of Soviet gold tactics and strategy will reveal broad outlines of program being pursued, based on double but not inconsistent aims: (1) short-run utilization Soviet and satellite stocks in manner calculated most effectively to add to currency instability in important target nations outside orbit and obtain critically required supplies through circumvention ECA controls; (2) over-long run maintain or implement present stocks for purposes basing establishment of ruble currency bloc at some future date.

Thus, with probable wide representation and great strength in separated critical markets, Soviets, through adherence normal speculative operations, could cumulate speculative swings of free market, thereby complicating financial problems of government affected and, over given period, anticipate at least usual rate speculative profits from transactions. These activities would then fit into regular pattern Soviet black-marketing operations and profits therefrom, utilized together with diamonds and hard currency acquisitions to obtain illegally ECA supplies authorized for legitimate consumers.

Re paragraphs (b), (c), and (d), while fully realizing importance of effective control and enforcement and appreciating difficulties involved other methods. Embassy does not consider them sufficient. We doubt if study Soviet-US bank reserves would reveal 1948 increment paralleling value favorable USSR trade balance with US over past year. In other words, dollars, which more effective valuta than gold, and partially earned through exchange luxuries, have been utilized to further basic Soviet objectives—strikes, unrest, propaganda, stockpiling and circumvention. Thus maximum denial Soviet access these dollars at source constitutes equally important and interdependent element any restriction policy, and we hope Department will continue study every possibility this end, including legislation. Peculiarly Soviet furs and caviar would be especially vulnerable targets.

Re paragraph (d), seems necessary re-emphasize continued heavy economic dependence USSR on West, which often underestimated. In Embassy's opinion, US export control policy offers major remaining area, where real prospects success exist in achieving major objective US policy, i.e., compelling USSR return peacefully to confines her own borders. We convinced that export policy in relatively short history has had real impact on Soviet capital development, hence

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<sup>1</sup> *Ante*, p. 86.

long-range military program. It has resulted in tremendous planning complications and been important factor behind recent shifts in allocation basic internal and external resources. Politburo undoubtedly counting on inability competitive capitalist countries adhere to such policy for relatively long period, and thus expects finally obtain critical supplies at compensating reduced costs.

Hence, in our view, policy must be adhered to and even strengthened, with particular attention devoted bearings, spare parts for USSR's tremendous inventory foreign machinery, petroleum and rail transport equipment; also all most recent equipment prototypes as well as advanced scientific information. Goods of small value often of greatest import due their high bottle-neck significance.

It would indeed be tragic, if efforts minority commercial groups to undermine program of such consequence were permitted to succeed, particularly in view of overwhelming popular support behind our foreign policy. Frank policy statements, at high official levels in this regard, should do much to head off such pressures, prior their development, effectively answer currently developing Soviet propaganda re US discrimination East-West trade, and mobilize more genuine co-operation participating OEEC nations. We do not see how such statements could fail to be effective, when placed in framework publicity avowed Kremlin purpose develop Soviet Union as base world communism overtaking and surpassing West in economic might. They might well: (1) indicate USSR's Government has only self to blame in view their striving make all exchanges, commercial, scientific and intellectual, a one-way street; (2) appeal to all free manufacturers everywhere to forego illusory short-term profits from such trade, and suggest they turn their interests to support world program for development backward areas; and (3) suggest undesirability American people buying Soviet furs and caviar, sale of which supports programs aimed at suppression religious and other liberties behind Iron Curtain.

Pouched Belgrade, Bucharest, Budapest, Geneva for Porter, Helsinki, London, Paris for Harriman, Praha, Sofia, Warsaw.

KOHLER

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840.50 Recovery/3-1649: Telegram

*The Secretary of State to the Embassy in France*

SECRET

WASHINGTON, March 16, 1949—7 p. m.

836. For Harriman from State and ECA. Ref Repto cir 141<sup>1</sup> and 144.<sup>2</sup>

We recognize necessity of undertaking to counter Communist mis-

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<sup>1</sup> *Ante*, p. 92.

<sup>2</sup> Not printed, but see footnote 1 to Repto circular 141, p. 92.



representation of our East-West trade policies. You are, of course, aware of importance that this be done carefully in order avoid creating difficulties with sensitive countries, particularly Swiss and Swedes (see Toeca 270 rptd Torep 320 from Stockholm <sup>3</sup>). Suggest that any further publicity you feel necessary shd far as possible minimize ECA involvement in strategic and security considerations and emphasize that ECA role in this field based on Section 117(d) and its implementation. In this connection since several news stories concerning "lists" have already appeared, believe it is better admit existence of US lists if pressed and take line as fol: Secretary of Commerce has drawn up list of strategic items which we wld not export to non-participating European countries and, in order implement Section 117(d),<sup>4</sup> ERP countries have been informed of list called "1-A list" so they wld not prejudice their chances receiving aid. "1-B list" includes items we are watching carefully because they are in potential short supply or may be of increasing strategic importance. They might later have to go on restricted "1-A list".

We are considering possible use of Voice of America in countering Communist attacks. Wld appreciate your comment and suggestions. [State and ECA.]

ACHESON

<sup>3</sup> Not printed.

<sup>4</sup> A section of the Foreign Assistance Act of 1948.

611.60C31/3-1949 : Telegram

*The Ambassador in Poland (Gallman) to the Secretary of State*

SECRET

WARSAW, March 19, 1949—noon.

421. Re final paragraph Deptel 142, March 11.<sup>1</sup>

1. Our thesis is that propaganda-wise, we are not in strong position attack Soviet economic hegemony over Poland for reason that friendly Poles, and even certain astute western diplomatic representatives, believe US economic policy has accelerated Sovietization of Poland by accentuating Polish dependence on USSR earlier than would otherwise have occurred. Eloquent testimonials this viewpoint contained in airgram A-194, February 18 and Embassy despatch 576,

<sup>1</sup> In the paragraph of the telegram under reference, not printed, the Department of State requested a detailed exposition of certain Embassy views set forth earlier in telegram 231, February 15, from Warsaw (611.60C31/2-1549). That earlier telegram suggested that American propaganda attacks against Soviet economic hegemony in Poland had dangers inasmuch as many friendly Poles felt that the United States had hastened the Sovietization of Poland by curtailing economic assistance and that current American economic policies drove Poland more securely into Soviet control (864.404/2-1549). Regarding this telegram, see also the editorial note, p. 226.

August 26, Embtel 51 to Geneva August 18, repeated Department as 1102, and airgram 734, May 31, 1948.<sup>2</sup>

Composite substance viewpoint is: west sold Poland into political bondage at Tehran and Yalta but nevertheless pledged a "strong and independent Poland." Although UNRRA and economic assistance in pre-election period did not prevent extension Soviet political power over Polish Government, our curtailment economic assistance thereafter (denial post-UNRRA relief, wheat allocations, cotton credit and our reputed opposition to International Bank loan) undermined faith of Polish people in our continued interest in their welfare, reduced their powers of resistance to Communists who could turn to Moscow for the impossible, weakened influence of pro-western and opposition forces in government, eased task of Soviet Union and puppet Polish Government in consolidation their hold over Polish economic apparatus, and limited measure of independence nationalistic Polish Communists could achieve from Kremlin. Development our export licensing policy then oriented Polish trade policy toward greater reliance on Soviet Union, stimulated interest in erection of self-sufficient eastern bloc, and because of fear of reprisals and boycotts, influenced government to rely more heavily on trade pattern of bilateral pacts with trading partners who could not successfully boycott Poland under US pressure because of reliance on Polish exports. Furthermore, it is argued (airgram 734) that we have handed Soviet Union handsome propaganda advantages: Soviet Union seized opportunities afforded by our curtailments and its wheat deliveries, credit for capital goods, small foreign exchange loans and professed paternal interest in development Polish economy have been exploited to utmost. This school of thought, reflecting dominant nationalism of Poles, rejects tenet that dollar for Poland is dollar for Russia, believes viable Polish economy geared to west would retard Sovietization of country, and feels more liberal US economic policy would be more beneficial in sustaining hopes and resistance of Polish people than aggregate our propaganda and political moves to date.

2. It is of course difficult to assess validity this line of reasoning after the event. It contains elements of truth and many of wishful thinking. Point we make is that it represents considered conclusion of numerous Poles and is fact which must be consulted in framing our propaganda and economic policy vis-à-vis Poland. We think most that can be said is that more liberal economic policy would merely have reduced tempo of Sovietization. We agree that at this stage our strategy should be to prevent, insofar as feasible, development Soviet war potential and to guarantee that competitively economies of WE recover more rapidly than those of EE and maintain their present pre-

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<sup>2</sup> None of the messages under reference here is printed.



ponderance of industrial potential. Nevertheless, necessity of east-west trade is recognized and our long-range political aims are not advanced if in pursuing this strategic objective we unnecessarily alienate public opinion and overlook tactical possibilities of retarding Sovietization of EE and Poland.

Our export licensing policy has definitely alienated friendly non-Communist officials. Fact that we will [not] export machinery and raw materials which we refuse to license, together with our past attitude re such commodities as dyestuffs and cotton, have awakened [*weakened?*] our case and exposed us to charge that our policy is discriminatory and arbitrarily political. Implementation this policy in extreme form witnessed through past year has no doubt contributed to fall from power of such pro-western officials as Grosfeld and Horowitz (Embtel 396, March 16 <sup>3</sup>), to our disadvantage. Although we have never questioned that such officials represent essentially impermanent fixtures in Polish Government (Embdesp 576 <sup>4</sup>), our interests are best served by showing them up as long as possible. We feel that recent UK-Polish trade pact <sup>5</sup> is case in point of how economic approach may be utilized to foil and delay Soviet plans re Poland and strengthen pro-western elements without perhaps subtracting unduly from achievement our strategic objectives since, from available evidence, it appears agricultural export commitments undertaken by Poland have placed definite brake on collectivization program and may compel pro-Kremlin Communists to relax class struggle against Kulaks in interest of meeting export quotas. Other similar opportunities could no doubt be developed. It was with these considerations in mind that we recommend in Embdesp 576 adoption of a highly flexible approach in application of our export license policy to Poland.<sup>6</sup>

GALLMAN

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<sup>3</sup> Not printed. It reported the announcement of the appointment of Tadeusz Gede, "a comparative nonentity", as Minister of the newly-created Polish Ministry of Foreign Trade and relegation of Dr. Ludwik Grosfeld, heretofore Vice Minister of Industry and Commerce and a leading Polish foreign trade official, to an obscure position. It also reported that the responsibilities of L. Horowitz, Grosfeld's principal assistant and negotiator of the recent Polish-British trade agreement, had been greatly curtailed (S60C.002/3-1649).

<sup>4</sup> Not printed.

<sup>5</sup> The reference here is to the United Kingdom-Polish Trade and Finance Agreement of January 14, 1949. Under the terms of the agreement, trade between the two countries would total more than \$1 billion over a five year period. Polish exports, which would be more than 70 percent agricultural, would require re-orientation of Poland's export economy to British requirements. The United Kingdom would in return supply raw materials and capital equipment.

<sup>6</sup> Telegram 525, April 4, from Warsaw, not printed, reported that Vera Michelis Dean, Research Director of the Foreign Policy Association, had informed the Embassy of her conversations with Polish Foreign Minister Zygmunt Modzelewski and other high Foreign Ministry officials. In expressing deep concern over American export licensing procedures, the Polish officials seemed to admit that Polish industrialization plans were doomed unless American and West European export policies were relaxed (S60C.00/4-449).



ECA Telegram Files, Lot W-130, Paris Repto : Telegram

*The Special Representative in Europe for the Economic Cooperation Administration (Harriman) to the Administrator of the Economic Cooperation Administration (Hoffman)*

SECRET

PARIS, March 19, 1949—10 p. m.

Repto 3209. Personal to Hoffman and Acheson from Harriman. At conference OSR and east-west trade representatives of ECA Missions London, Paris, The Hague, Brussels, Frankfurt, Rome, and Legation Bern, the following position was unanimously agreed. I strongly endorse those views and recommend their prompt adoption; to quote:

1. We believe that British plans for control 1A items reported by London Toeca 743 <sup>1</sup> and London memorandum 117, March 15,<sup>2</sup> sent OSR and airmailed Washington, represent highest level of agreement which will be attained, at least in near future, by countries consulting in Paris and that US should:

(1) Inform Britain that US willing modify its 1A list to meet deletions and consider additions proposed by British, and to transfer deletions to 1B list, in expectation that France, Netherlands, and Belgium will agree on a modified list;

(2) Immediately notify Italy, Norway, Bizone, and Austria of modified US list;

(3) Urge establishment committee in London or Paris with membership all major OEEC countries and US, under ECA or State or Atlantic Pact auspices to consider currently perhaps monthly, additions or changes in list in light of both intelligence reports and eastern European demands for items of possible security importance, especially the B items.

Reasons for foregoing:

2. As to step (1), this offers best chance of expediting prompt and effective control of substantial amount US list by major OEEC countries, for it provides proper basis for pressure, if desired, on countries which fail to come up to modified list to which Britain, Italy, Norway, Bizone and Austria have already agreed. Furthermore, it avoids danger of US exporters attempting secure 117 D sanctions where several major OEEC countries continue export certain items still banned by US because of non-acceptance US view.

3. As a result recent press comments, European countries have become more sensitive to charges of US pressure. Though major OEEC

<sup>1</sup> Not printed. It reported that British officials had agreed to recommend the extension of export controls over additional items on the U.S. 1A list. The action brought to 121 the number of 1A items which the British were willing to control in full, together with 8 other items they were willing to control in part. Three other items were under consideration, leaving 31 items not agreed upon (London Embassy Files: 500 Marshall Plan).

<sup>2</sup> Not printed.

countries express willingness cooperate, they desire voice in final determination of any list which they have responsibility for enforcing. American agreement to modify 1A list with major OEEC countries will demonstrate that US is in fact consulting and cooperating on basis mutuality of interests and security problem and not endeavoring unilaterally compel OEEC countries to adopt its views.

4. Step (2) is only proper as means of preventing those countries being placed at trade disadvantage (Repto 2889, March 2<sup>3</sup>).

5. Regarding step (3), the fact of mutual consultation as therein provided would, we believe, (a) result in greater cooperation generally, (b) better implementation of controls, (c) the collective application of pressure against any country inclined to be recalcitrant; (d) the coordination of intelligence reports and prompt action therein based upon mutual understanding of facts. Committee would furnish forum for discussion and exchange of information regarding exports, quantities of 1B exports, eastern European demands for items with security aspects, estimates Soviet stockpiling and the like. We believe flexibility of lists essential. For example, Bizone and Austria both report sudden and great demand by USSR for carbon electrodes.

6. To minimize the OEEC aspects of such a committee as suggested above and to strengthen security factor, dominion especially Canada, might be invited participate.

[HARRIMAN]

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<sup>3</sup> Not printed.

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ECA Telegram Files, Lot W-131, Paris Torep : Telegram

*The Deputy Administrator for the Economic Cooperation  
Administration (Bruce) to the Embassy in France*

SECRET      URGENT

WASHINGTON, March 24, 1949—6 p. m.

Torep 4035. Personal to Harriman from Hoffman and Acheson. Re Repto 3209, Mar 19.<sup>1</sup>

1. Since point 1 of recommendations reftel will require inter-agency clearance at highest level, we suggest that formal communication to ECA and State signed by Harriman outlining recommendations with respect to 1-A list and giving reasons therefore is desirable.<sup>2</sup> Such a document seems required by negotiations with other agencies which led up to Torep 816.<sup>3</sup> Inasmuch as Torep 816 provided for possibility that US policy on export controls might be more strict than that of OEEC govts, it is possible that US adoption of modified 1-A list may be difficult and we may find it necessary to retain longer US list. However State and ECA will press for modification in Advisory Committee.

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<sup>1</sup> *Supra.*

<sup>2</sup> The personal secret letter from Ambassador Harriman to Administrator Hoffman, dated March 29, not printed.

<sup>3</sup> See footnote 2 to telegram 496, February 5, from Paris, p. 77.

2. Notification of other countries re modified list should be withheld until US Govt position determined.

3. Tentative thinking here concurs in desirability establishment informal east-west trade committee made up major OEEC countries. Believe this committee should not be associated formally in any way with OEEC or North Atlantic Pact. Believe it important to prevent committee from attracting public attention and suggest Paris might be better location than London for this purpose. Suggest that it be set up on initiative of European countries and that US participation be under direction of Harriman as official representative of US on these matters not as ECA representative. Suggest you obtain informally Brit views on this point with view to determining whether Europeans would feel such an organization would be useful and whether it could in fact operate in helpful manner you outline.

4. In order to press for any modified 1-A list will require most up-to-date Brit list, including specific listing of all items Brit Govt has now agreed to control. Suggest any info in addition to that already airmailed be sent soonest.

5. Assume views and concurrence of State missions are being obtained. [Hoffman and Acheson.]

BRUCE

611.60C31/3-1949 : Telegram

*The Secretary of State to the Embassy in Poland*

SECRET

WASHINGTON, April 9, 1949—3 p. m.

228. Dept appreciates frank analysis urtel 421 Mar 19.<sup>1</sup> Esp interested appraisal effects US econ policies by friendly Pol and West observers. Such appraisal essential to policy formulation. Suggest Emb pouch reftel all East Eur Missions, London, Paris, Geneva, Brussels, The Hague, Stockholm, Oslo, Copenhagen, Rome and Bern.

(1) Re effects curtailment US econ assistance Pol, fol shd be noted. US decision terminate UNRRA only partly prompted polit considerations re East Eur; decision partly based expectation prompt econ revival Eur, large-scale lending IBRD, etc. Re Post-UNRRA relief, Dept initially included Pol among beneficiaries bill, recognizing continued food problem; decision exclude Pol made by Congress, based in part recommendations then made Emb Warsaw. Re US loans, shd be noted \$40 million Eximbank loan was granted, as was \$50 million OFLC surplus property credit.<sup>2</sup> These credits not suspended as case

<sup>1</sup> *Ante*, p. 96.

<sup>2</sup> Regarding the conclusion of the two agreements of April 1946 referred to here, see *Foreign Relations*, 1946, vol. VI, pp. 433-436.



Czecho. Re IBRD credits, decision re coal mining equip't loan extremely difficult; Dept recognized strong econ and polit reasons favor such credit, esp re ERP, East-West trade and encouraging pro-Western elements Pol, though believed negative polit considerations (esp Pol failure meet internatl obligations, e.g. compensation nationalized properties) overriding. Any event IBRD coal mining equip't loan Pol considered pointless now in view greatly eased Eur coal supply situation. Also believe Pol wld have been wiser decide participate IBRD timber credit (as did Aus, Yugo, Finland, and Czecho likely to do) instead turning down participation with provocative statement, as this might have opened door larger IBRD credits in future. This wld have been more constructive for Pol than Katz-Suchy's<sup>3</sup> violent tirades against IBRD, ERP at last ECOSOC session.

In sum, (a) What were polit benefits to US of loans granted? (b) If argued those loans too small, eld larger loans have retarded Sovietization Pol in Embs opinion? (c) What are Embs recommendations re US or UN econ assistance Pol now? (d) Is there still time retard Sovietization Pol?

(2) Source here considered reliable reports Communists purposely maintain trade with West to obtain goods not available from Sov and "confidentially" announce hope thus achieve independence from Sov. Source states Minc<sup>4</sup> and Berman<sup>5</sup> have consented this approach and Minc "confidentially" states Sov displeased these transactions while in fact he has full Sov consent. Dept considers this in accord with Communist methods and well calculated to assist attainment their objectives. While regret our policies may alienate some true friendly non-communists, believe most such individuals realize industrialization paves way collectivization and fuller Sov control, and building Sov war potential diminishes prospects ultimate independence.

(3) Re effects US export control policy, Dept aware strictness US controls coupled with less strict controls OEEC countries (a) may fail achieve total objective retarding growth Sov war potential; (b) may involve some discrimination against Amer manufacturers, exporters; (c) may alienate some our friends in East Eur; and (d) may make US policy subject misunderstanding in West Eur. This situation regrettable but probably unavoidable because (1) West Eur's dependence on East-West trade under ERP and polit objections some OEEC

<sup>3</sup> Julius Katz-Suchy, Permanent Polish Representative to the United Nations.

<sup>4</sup> Hilary Minc, Polish Deputy Prime Minister, Chairman of the Economic Committee of the Polish Council of Ministers, and Chairman of the State Economic Planning Committee; member of the Politburo of the Polish United Workers' Party (the Communist Party of Poland).

<sup>5</sup> Jakub Berman, Under Secretary in the Presidium of the Polish Council of Ministers; member of the Politburo of the Polish United Workers' Party.

countries (esp Sweden, Switzerland) to strict controls, and (2) polit pressure in US (Congress, public opinion) for strict controls.

Question is: have benefits US export control policy outweighed disadvantages? (a) Dept considers probable that US refusal grant export licenses for steel mills to Pol and Czecho has retarded growth "Second Ruhr" Silesia. Wld appreciate Embs opinion. (b) Likely many other items (esp certain ball bearings, machine tools, precision instruments) restricted by US East Eur able obtain West, esp Sweden, Switzerland. (c) Net effect restrictions on growth econ-mil potential Sov bloc difficult evaluate, but Dept not overly optimistic this score. What are Embs views?

(4) Dept agrees large Pol agricultural export commitments in UK-Pol trade agreement may tend retard Sovietization Pol, although Pol acquisition UK capital equipment may tend have opposite effect. Agreement considered advantageous to West at present because it benefits UK and avoids shipment strategic items to Pol.<sup>6</sup> Dept favors selective trade with East which limits growth Sov war potential and invites Embs suggestions re concrete means fostering such trade development.

(5) Dept also agrees US export controls application Pol shd be flexible. Difficulty is determination proper degree flexibility individual cases. E.g., Dept has consistently urged, with success, coal mining equipment financed Eximbank credit and related machinery be licensed Pol in view importance coal to West Eur, though Nat'l Military Establishment concerned strategic implications such shipments. As Emb aware, US public opinion strongly impressed "deadly parallel" US scrap shipments Japan prior Pearl Harbor. Dept will submit for Embs comment important Pol export license cases to determine soundest decision in overall US interest.

Pouched Belgrade, Bucharest, Budapest, Geneva for Porter, Helsinki, London, Moscow, Paris for Harriman and Caffery, Praha, Sofia, Brussels, The Hague, Copenhagen, Stockholm, Oslo, Rome, Bern.

ACHESON

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<sup>6</sup>Telegram 298, May 10, to Warsaw, repeated to the other addressees of the telegram printed here, not printed, advised that this sentence should read as follows: "Agreement considered advantageous to West at present because it benefits UK and avoids shipment strategic items on US Export List 1-A to Poland." (611.60C31/5-1049)



611.60F31/4-2249 : Telegram

*The Ambassador in Czechoslovakia (Jacobs) to the Secretary of State*

SECRET URGENT

PRAHA, April 22, 1949—7 p. m.

603. In long view possibility some form of opposition on part (Deptel 459 April 19<sup>1</sup>) Western sympathizers in Czechoslovakia as in Poland, cannot be ignored. However, before war was over Czech politico-economic structure had been predetermined by Communist Party control of basic industries through labor unions. From 1945 basis of effective opposition to Sovietization was hardly discernible even among pro-Western elements in Czech management and labor classes. Consequently, external policy of assistance might have appreciably slowed Czech Sovietization, that is Communist Party internal control and centralization of industry on Soviet pattern.

Current Czech economic hardship, related to Czech dependence on West for vital raw materials and machinery and effect of our export licensing system considered likely to tighten CP political control over daily life and speed purge of suspect officials. Though present propaganda line blames economic conditions on US policy, political consciousness of Czechs, especially of economic officials, makes them see US policy as inevitable counter-Soviet move, not aimed primarily at Czechoslovakia.

Strong Communist and Soviet controls and current powerlessness pro-Western officials make it unlikely softening our policy would achieve significant change economic policy, nor continuation hard policy be likely to alienate officials personally though it would reduce their numbers in important positions.

Czech agricultural problem basically different from Poles. Only significant Czech export is sugar which now has good market, hence external influence on collectivization along lines UK-Polish Trade Agreement not possible. Pace of agricultural Sovietization likely to be determined by availability of agricultural machinery and Communist Party assessment peasant resistance. Latter internal matter in Czechoslovakia and US influence on former too indirect to be decisive considering flexible requirements in farm machinery.

Possible long-range licensing policy of selective nature might tend to reduce future war potential and at same time preserve Czech trade contacts with West, thereby lessening economic dependence on Soviet, maintain and encourage pro-Western economic leaders traditionally stronger in light industries, encourage consumer goods industries, par-

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<sup>1</sup>Not printed; it requested the Embassy in Praha to comment regarding the extent to which the considerations set forth in telegram 228, April 9, to Warsaw (*supra*) and telegram 421, March 19, from Warsaw (p. 96) also applied to Czechoslovakia (611.60C31/3-1949).



ticularly ceramics, textile, leather and rubber, at expense of ambitious heavy industry plans. Selective licensing coupled with tightened control over metals would tend to direct economic development away from the heavy industries.

Due current strained Czech-US relations, possible Soviet peace feelers, and difficult Czech economic position, Embassy does not recommend imminent comprehensive change export licensing policy which is daily demonstrating futility Soviet aggressive policy. Embassy does believe in exploring possibility gradual progressive relaxation of export control on expendable goods, even durable goods, such as machine parts subject to rapid depreciation. Too sudden and drastic relaxation would be interpreted as weakness on our part and strength of their propaganda against ERP. As low and exceedingly selective modification of our export licensing policy would enable study of reaction and response, with view to expansion or contraction as *ad hoc* conditions warrant. We should be guided in any relaxation by factor of probability of Czech receipt of materials and equipment from European sources, and competitive efforts of our Western friends to cultivate East-West trade. But in no case should there be any departure at this time from present application of the licensing policy unless the Czechs render a *quid pro quo* which in the first instance should be settlement of our compensation claims.

Sent Department 603; repeated Warsaw 8.

JACOBS

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*Current Economic Developments*, Lot 70 D 467

*Current Economic Developments*

[Extract]

SECRET

[WASHINGTON,] April 25, 1949.

No. 199

MANGANESE SUPPLY POSITION CONTINUES TO BE SERIOUS

The current US manganese position continues to be a cause for concern. (See page 6, October 28, 1948 issue of *Current Economic Developments*.<sup>1</sup>) Shipments from the USSR have been negligible since February 8, 1949, a fact which tends to confirm the rumor current earlier in the year that shipments from the USSR during 1949 would

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<sup>1</sup> Not printed. Previous documentation on the concern of the United States over the difficulty of obtaining manganese ore from the Soviet Union is presented in *Foreign Relations*, 1948, vol. iv, pp. 489 ff.

be limited to 50,000 tons. If substantiated, this will be very serious but not disastrous to the US manganese position. The new supply of manganese during 1949, more than 90% of which will come from imports, is estimated at 1.4 million long tons against an industrial requirement of approximately 1.6 million tons. Industry stocks, although considered too low, can probably make up the deficit. Strategic stockpiling during 1949 remains a problem and it appears that such additions as may be made will in effect come out of industrial stocks.

*Interdepartmental Manganese Coordination Committee* Reflecting the seriousness of this situation, the National Security Resources Board, in consultation with the Department and other government agencies, issued on March 7, 1949 a directive setting up the Interdepartmental Manganese Coordination Committee.<sup>2</sup> This committee is designed to be a focal point for the formulation of a coordinated government program on manganese for all purposes—for current industrial needs as well as for the stockpile. The Director of the Bureau of Mines<sup>3</sup> was named chairman. Other agency members are the Department of State<sup>4</sup> and Commerce, Economic Cooperation Administration, Munitions Board, and Bureau of Federal Supply (Treasury), with an NSRB representative as observer.

The committee has adopted as this government's position regarding supplies from the USSR a statement submitted by the Department which, in essence, recommends that no attempt be made to reestablish shipments from the USSR by *quid pro quo* negotiations and that the committee draw up its program on the assumption that supplies from the USSR will be drastically curtailed. The statement recognizes the possibility but does not rely on it that such a position may, in fact, be an effective method for reestablishing those shipments.

The committee plans to follow up the programs which had already been started in the Union of South Africa, the Gold Coast, and India for increasing shipments from those areas and to assist wherever possible in the development of large Brazilian deposits. In the Union of South Africa, the Gold Coast, and India, rapid increase in shipments is expected. The program in Brazil is necessarily a long-range one of development.

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<sup>2</sup> NSRB Document 103, revised March 7, 1949, entitled "Tentative Charter for an Interdepartmental Manganese Coordination Committee," was transmitted to the Secretary of State under cover of a letter of March 7 from John R. Steelman, Acting Chairman of the National Security Resources Board, neither printed (811.6359/3-749).

<sup>3</sup> James Boyd.

<sup>4</sup> Edwin M. Martin, Deputy Director of the Office of International Trade Policy, was designated to represent the Department of State.

661.60C31/4-2749 : Telegram

*The Ambassador in Poland (Gallman) to the Secretary of State*

SECRET

WARSAW, April 27, 1949—10 a. m.

641. We have delayed response to Deptel 228, April 11 [9] <sup>1</sup> in hope some clarification status of Minc would indicate whether we might expect change in Polish economic policy, especially in pattern of east-west trade for which Minc stood. His re-confirmation as economic czar (Embtel 620, April 23 <sup>2</sup>), despite suspected intra-party controversy, impel belief that essential past attributes of Polish foreign trade policy will for present, at least, remain intact.

Department's question now answered seriatim :

1. (a) and (b) Political benefits have been derived from postwar US loans and economic assistance but these have had negligible effect, if any, in retarding Sovietization of country. We do not think large loans would have retarded Sovietization appreciably or have promoted objective of preserving to Polish people capacity to determine their own political and economic orientation, so long as control over loans remained with Muscovite-directed Communists. Geography conspired against US objectives, despite an appreciative people. Nevertheless aid was beneficial in reassuring Polish people of our interest. Goodwill flowing from these acts has not been exhausted. Our former assistance and our continuing capacity to assist, in contrast to Soviet exploitation, has made Pole harder to orient to USSR than would perhaps otherwise have been case and has no doubt left imprint on nationalistically inclined Communists. The wishful thinking of type reported Embtel 421, March 19 <sup>3</sup> still pervades broad segment friendly Polish opinion, North Atlantic Pact and recovery Western Europe under ERP have made more apparent our aims and strength and we should now be in position to explain to more receptive audience candidly that Soviet Union and Polish Government have visited economic penalties on Polish people by divorcing them from US's immediate postwar intention of assisting in reconstruction of strong Poland in a free Europe. In view Soviet exploitation and inability ameliorate situation we should now propagandize economic weaknesses eastern bloc while explaining our determination to impede increase of Soviet war potential. Opportunity is thus presented to pass to propaganda offensive, justifying our economic policy and stimulating further passive resistance.

2. (c) and (d) We feel it is too late effectively to retard Sovietization of Poland through economic measures. Most we can now do is slow up Soviet timetable by stimulating passive resistance, especially of working classes. Our handling of Yugoslav situation and success of ERP will be watched closely, not only by non-Communists but by nationalistic Communists. Outcome will have crucial effect on Poles in reaching final judgment re inevitability of Communist victory. Therefore while seeking impede Soviet objectives re Poland and Polish

<sup>1</sup> *Ante*, p. 101.

<sup>2</sup> Not printed.

<sup>3</sup> *Ante*, p. 96.



public opinion, we should encourage such continued trade as is necessary to success of ERP and stabilization of Western Europe without adding appreciably to Soviet war potential. While opposed in principle to US or UN economic assistance to Poland at this time, we would not recommend that such be categorically denied or that more reasonable Polish development programs presented to ECE be rejected without consideration. We would prefer whole approach to be flexible. Aside from importance east-west trade to ERP we find at least two other reasons why trade with west, including US, serves our interests: such trade would tend to add to difficulties of Polish Government in discussing [*dispensing?*] with pro-western officials who form negotiating links with west and UN agencies, especially at technical level, and simultaneously it offers opportunities for economic intelligence.

3. (a) We believe benefits US export control policy have outweighed disadvantages and that it has unquestionably served as brake on economic-military planning in Soviet bloc and on growth of "Silesian Ruhr". Policy has also pointed up to all but small hard-core economic weaknesses of Soviet Union in contrast with west and upon price being paid for Communist political orientation. These realities are and will continue to be source of embarrassment vis-à-vis people and future plans for industrialization. Temptation may be strong to tighten controls but this should in our view be resisted at this juncture because of strategic importance of ERP.

(b) We think, especially vis-à-vis Sweden and Switzerland, we cannot expect an east-west trade pattern to evolve which will deny Poland all items of war potential value. If competitively Western Europe recovers more rapidly than Eastern Europe and maintains present preponderance of industrial potential and "know how", we feel relative power positions will remain to our advantage and that criterion of trade should be less one of denying Poland war potential per se, than of licensing items of possible war potential (except for minimum hard-core list), when goods received in exchange are of greater relative value to west. Possible dilemma, which Department planners must have in mind, is that unless we find non-dollar sources of supply alternative to Eastern Europe, it does not seem likely achieve balance of payments by end ERP period, unless exports which will accelerate industrialization of Eastern Europe are permitted. We know that certain Polish officials count heavily on such eventuation and are told Polish Communists committed to belief that competition between Western European countries, after recovery West Germany, for export markets will compel relaxation present controls in lieu of continued US subsidies, to advantage of Eastern Europe.

(c) We feel line of thinking in previous sentence presents pessimistic possibility which must be faced but that results to date are encouraging. With great effort, Polish steel production still somewhat under 2 million tons per annum and Czechoslovak production not much more. Our controls have retarded augmentation Polish production and we are confidentially informed by Lychowski that Soviet steel mill will not be completely installed until 1955. Steel, iron ore (principally Swedish), heavy industrial equipment, machine tools, precision instruments and electrical equipment remain perhaps principal Polish bottlenecks and we feel Poland must for some considerable

period encounter difficulties in resolving requirements in these fields, especially as coal exports become less important. Problem as we see it is one of tactics, e.g. to what extent we can obtain its [our?] requirements without giving Poles what they want most, and of outcome of ERP, e.g., to what extent we will be able to solve balance of payments without exporting capital goods and war potential to Eastern Europe.

4. Cotton, dye-stuffs, textile equipment, tires, and even petroleum products have all constituted past opportunities for Polish-US trade. Though we would not dramatically relax controls, we believe gradual infusion somewhat more flexibility in our licensing policy vis-à-vis Poland would be helpful without adding to war potential. We might explore further the possibilities of making trade in greater volume contingent on settlement for nationalized properties. This would in any event have advantage of placing Poles on defensive and, if they should agree, of compromising future dollar earnings and retarding their industrialization timetable.

We appreciate Department's offer to consult us re pending import and Polish export license cases and hope practice may be continued in future. Advantages are that it would keep us in closer touch with economy of [garble] present opportunities for economic intelligence of value.

Sent Department 641, pouched Belgrade, Berlin, Bern, Bucharest, Budapest, Brussels, Copenhagen, Geneva, Helsinki, London, Moscow, Oslo, Paris. Praha, Rome, Sofia, Stockholm, The Hague, Vienna.

GALLMAN

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656.6031/5-1249

*Statement by the Commissioner for the European Recovery Program,  
Netherlands Foreign Ministry (Hirschfeld)*<sup>1</sup>

SECRET

THE HAGUE, 29th April 1949.

1. The Netherlands Government took note of the request of the United States Government to cooperate in restricting exports of cer-

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<sup>1</sup> The source text was sent to Dr. Alan Valentine, Chief of the Economic Cooperation Administration in the Netherlands, under cover of the following communication of May 2 from Dr. H. M. Hirschfeld:

"On Friday, the 29th April, I made a statement about the Netherlands attitude with regards to the East-West trade for which I was authorized by the Netherlands Government and more in particular by the Minister of Foreign Affairs and the Minister of Economic Affairs.

I herewith send you for your files the contents of my oral statement which I initialled on behalf of the Netherlands Government."

In the source text, this statement is defined as a memorandum of conversation between Dr. Hirschfeld and several aides and Dr. Valentine and several ECA aides. The statement and Hirschfeld's communication of May 2 were transmitted to the Department of State as enclosure 1 to despatch 206, May 12, from The Hague, not printed. Enclosure 2 to that despatch, a letter of May 2 from Dr. Valentine to Ambassador Harriman, not printed, explained that the statement (or memorandum of conversation) was prepared in consultation with Valentine and other members of the ECA Mission.



tain goods to the countries of Eastern Europe which might be of military value for these countries.

2. In reply to this request mentioned under 1, the Netherlands Government declares that it is prepared to cooperate with the Government of the United States and other interested countries to the fullest extent possible.

3. The Netherlands Government, however, points to the fact that it has the greatest possible interest in maintaining and expanding trade with the Eastern European countries. The Netherlands economy is dependent on dollar saving raw materials, which it receives from the Eastern European countries under the existing and future bilateral agreement and other arrangements.

4. Therefore the attitude of the Netherlands Government towards restricting certain exports to the Eastern European countries can not be a rigid one.

5. Nevertheless the Netherlands Government is prepared to accept the so called Anglo-French list as a guidance in determining its policy with regard to exports to the Eastern European countries.

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#### *Editorial Note*

At its meeting on May 5, 1949, the National Security Council considered a draft report on proposed measures to achieve an agreed minimum list of goods not to be included in exports from Western European countries to Eastern Europe. The Council reached no decision, and action on the draft report, which had been proposed by the Department of State and designated NSC 46, was deferred.

The text of the draft report was not declassified in time to be included in this volume of documents.

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840.50 Recovery/5-1149 : Airgram

*The Secretary of State to Certain Diplomatic and Consular Offices*<sup>1</sup>

SECRET

WASHINGTON, May 11, 1949—8:10 a. m.

1. The Joint Committee on Foreign Economic Cooperation (the Watchdog Committee) established by Section 124 of PL 472, 80th Congress, sent one of its agents, Robert Golding, to Europe to investigate certain aspects of East-West trade, with particular reference to extent and effectiveness of controls of exports from the OEEC

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<sup>1</sup> This airgram was sent to the Embassies in Paris, London, Rome, Brussels, Copenhagen, Stockholm, Lisbon, Athens, The Hague, Oslo, and Ankara; to the Legations in Luxembourg, Dublin, Vienna, Bern, and Reykjavik; and to the United States Political Adviser for Germany at Frankfurt.



countries to Eastern Europe. As the result of concern expressed by the Dept regarding the scope and nature of Golding's operations in this delicate field, the matter was discussed with Agent General of Watchdog Committee. Following that discussion, Secretary received letter, dated April 25, 1949, from Senator McCarran,<sup>2</sup> Chairman of Committee, reading as follows:

"I am today sending out the attached instruction to our Agents in Europe concerning their relations with the United States Embassies in the participating countries.

May I suggest that you inform the Ambassadors and the U.S. Legations of this instruction and give them such directions as you deem appropriate to assure their cooperation.

I call your attention particularly to the importance of having our Agents enjoy complete freedom and independence of action."

2. Enclosed with the above letter was a copy of a letter dated April 25, 1949 from Senator McCarran to Mr. Golding reading as follows:

"In carrying out investigations in foreign countries, it is necessary for Agents of the Joint Committee on Foreign Economic Cooperation to recognize that the Congress of the United States has no direct jurisdiction over the officials of foreign governments or over business executives or other citizens of these countries. The maximum quantity of information will be obtainable only with the voluntary cooperation of the foreign governments.

It is anticipated that every participating government, when it understands the responsibility and authority of the Joint Committee on Foreign Economic Cooperation, as set forth in Section 124 of Public Law 472, will recognize the importance of giving its full support to the Agents of the Committee and will avoid any action which might be interpreted as holding back information or covering up.

It is unlikely that the understanding and cooperation of the various participating governments can be obtained without the full support of the United States Embassy, the U.S. Special Representative abroad, and the ECA mission in each case. For this reason, you are instructed to make immediate contact with the United States Ambassador as soon as you arrive in a country, explain in general the purpose of your visit and ask that appointments be arranged by the Embassy with the principal foreign officials you desire to see.

It is understood, of course, that as an Agent of the United States Congress, you are to be free to make an independent investigation and to make a confidential report of your findings to the Chairman of the Joint Committee on Foreign Economic Cooperation. The object is to carry on your work in such a way that the cooperation and support of the United States Embassies will be available to you.

An instruction is being transmitted to the Ambassadors and to each of the Chiefs of the ECA missions abroad outlining the working

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<sup>2</sup> Pat McCarran, Democratic Senator from Nevada.

arrangement which should be established with our Agents and requesting their full cooperation.

It is not intended that your initiative and independence should be restricted in any way. Your responsibility to get all the facts first-hand is unchanged. You will get more information if the American Embassy opens doors for you than you can obtain without its support."

3. In reply to the letter of April 25, 1949 the Secretary wrote to Senator McCarran on May 5 as follows:

"This will acknowledge and thank you for your letter of April 25, 1949 enclosing a copy of your letter of the same date to Mr. Robert N. Golding, one of the agents of the Joint Committee on Foreign Economic Cooperation. In accordance with your suggestion, we are sending copies of your letters to the chiefs of our diplomatic missions in the countries participating in the European Recovery Program.

I am sure that your agents will receive the fullest cooperation from our diplomatic missions. In this connection, the State Department sent instructions last July to the missions in question<sup>3</sup> calling their attention to the provisions of Article IX of the Bilateral Agreements respecting courtesies, cooperation, information and facilities to be extended to the Committee and its staff by the governments of the participating countries. In its instruction the Department emphasized the importance of seeing that firm arrangements were made to assure the carrying out of those undertakings. The Department also pointed out that the Committee staff wished to rely on the diplomatic missions for assistance in matters of office space, clerical help, dealing with foreign governments, etc. The instruction accordingly stressed the high importance of all possible cooperation being given to the Committee staff in these regards. In its communication accompanying copies of your letters of April 25, the Department is confirming the above instructions.

With particular reference to those paragraphs of your letter of April 25 to Mr. Golding concerning independent action, I assume that it is not your wish that agents of the Committee interview, or make proposals to, representatives of foreign governments independently of the diplomatic missions. I know that you will appreciate the importance, in the case of interviews of officials of foreign governments, of having a representative of the diplomatic mission present in order to assist in talks and to maintain normal channels of diplomatic communication. Such a procedure is particularly important in connection with the sphere of investigation in which I understand Mr. Golding is interested. This is a matter which involves our national security as well as the most delicate diplomatic relations. If our Government is to achieve success in this field, it is of the utmost importance that the confidential nature of the discussions with the governments of the participating countries be maintained and that any conversations with, or proposals to, foreign officials be in line with the policies and procedures governing our negotiators.

If there is any question that Mr. Golding's proposed course of action does not conform to the above, I shall greatly appreciate it if you will bring this matter to his attention."

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<sup>3</sup> The reference here is to the circular telegram of July 13, 1948, 2 a. m., not printed (840.50 Recovery/7-1348).



4. As indicated in the letter to Senator McCarran, the Department wishes to confirm to the diplomatic missions concerned the general instructions set forth in circular telegram of July 13, 1948 2:00 a. m., concerning cooperation with the Watchdog Committee.

ACHESON

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ECA Telegram Files, Lot W-130, Paris Repto : Telegram

*The Deputy Special Representative in Europe for the Economic Cooperation Administration (Foster) to the Administrator of the Economic Cooperation Administration (Hoffman)*

SECRET

PARIS, May 12, 1949.

Repto 4140. From Foster for Hoffman. Reference: Torep 5109.<sup>1</sup> OSR welcomes suggestion US technical specialists discuss problem with British and other ERP countries. However, further pressure directed primarily at British, who for reasons mutual security have gone far in cooperating, might be misunderstood. Therefore suggest US specialists meet representatives Britain, France, Belgium and Netherlands jointly. Such meeting might also establish method for making future additions and deletions One-A list which for maximum effectiveness must be flexible. (Jurisdictional problem between NME and Commerce should be resolved so two different groups specialists are not sent. Suggest give consideration joint team NME and Commerce specialists.)

In our opinion delay prompt general agreement on basic list has already jeopardized efficacy control by Italy and other countries whose early cooperation has resulted in their being penalized. We again recommend authorization to relieve them from continuance discrimination pending final agreement disputed items. Continuation Italian compliance might otherwise have disturbing repercussions.

If discussions by specialists fail achieve agreement all disputed items, we are convinced full compliance US One-A list cannot be achieved without imposition of sanctions and we strongly oppose any such action. We have over period of one year built up acceptance principle of common security and substantial acceptance our ideas methods of control.

OSR has been operating under initial directive set forth in Torep 816,<sup>2</sup> which explicitly stated that our objective was to achieve, through voluntary cooperation, substantial compliance with US One-A list. Presumably this policy was based on conviction that unless coopera-

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<sup>1</sup>Not printed; it reported on the NSC meeting of May 5 described in the editorial note on p. 110.

<sup>2</sup>Telegram 3352, August 27, 1948, *Foreign Relations*, 1948, vol. iv, p. 564.



tion voluntarily extended it would in all probability prove purposeless.<sup>3</sup>

Recognizing that the political and economic situations within participating countries differed among themselves as well as the US, it has been our purpose to encourage acceptance of a list which would succeed insofar as possible in prohibiting flow eastward of goods of strategic importance and minimizing flow when complete prohibition not practicable. Under initial directive we believe substantial progress in achieving this objective has been made, and have confidence in administration of controls which these countries have voluntarily seen fit to impose.

We have discussed this matter with Harriman prior his departure for Geneva and he is in agreement general principles herein expressed.<sup>4</sup>

FOSTER

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<sup>3</sup> Telegram Repto 4168, May 13, from Paris, not printed, added that the Office of the Special Representative was currently seeking completion of controls by France, Belgium, and the Netherlands on the basis of the British list. It was OSR's opinion that further discussions on future additions or deletions was always open, but excessive pressure in the current circumstances for expansion of controls could jeopardize the progress to date (ECA Telegram Files, Lot W-130, Paris Repto).

<sup>4</sup> The Department of State and Economic Cooperation Administration replied to this telegram in telegram 1710, May 20, to Paris, not printed. Concurrence and pleasure were expressed for the comments made here. State and ECA felt, however, that the initiation of technical discussions would be premature if France and the Benelux countries had not yet brought their controls to the British level. State and ECA also stated that they were not in a position to take the initiative in advising Italy to relax controls to the British level (662.003/5-1249).

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840.50 Recovery/5-1849: Telegram

*The Secretary of State to the Embassy in France*<sup>1</sup>

SECRET

WASHINGTON, May 18, 1949—6 p. m.

1666. Pass to Harriman from ECA and State. References Repto 3948 and Repto 4181.<sup>2</sup> While we are anxious restrict transshipment 1A items from OEEC countries to East Eur via Switz, Swed or Aust, we consider it untimely press OEEC countries on enforcement restrictions, in view absence all around agreement on uniform 1A list. Our immed objectives are to obtain 1) agreement on Brit 1A list, 2) acceptance items on US list not yet on Brit, 3) establishment effective cooperative mechanism for considering control problems. Our view is that transshipment problem of goods originating in Western Eur

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<sup>1</sup> This telegram was repeated to Bern as 649, to Frankfurt as 537, to Rome as 943, and to London as 1715.

<sup>2</sup> Neither printed.

is one considered appropriately through such consultative machinery after basic agreement reached on embargo list. We of course approve effective screening exports by any OEEC country so as to prevent indirect shipment 1A items to East, but we cannot formulate or negotiate general program at this time. If a country fails exercise such screening we are not in good position object. US does screen 1A and 1B exports as against possible transshipment. This does not necessarily mean US embargoes 1A items or limits 1B shipments to any Western country, but simply that a certain caution is exercised in licensing. [ECA and State.]

ACHESON

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ECA Telegram Files, Lot W-130, Paris Repto : Telegram

*The Special Representative in Europe for the Economic Cooperation Administration (Harriman) to the Administrator of the Economic Cooperation Administration (Hoffman)*

SECRET      PRIORITY

PARIS, May 20, 1949—9 p. m.

Repto 4322. For State and ECA. Re Ecato circular A-14<sup>1</sup> and Department's Intel May 16.<sup>2</sup> Since my return from Geneva I have read reference telegrams. Recommendation to place scrap on 1A list is, in my opinion, unrealistic and am reassured to learn (Department Intel) that TSC recommends against 1A rating. I am, however, still concerned that original recommendation for 1A rating was submitted. Believe such proposal raises fundamental questions our understanding of East-West trade policy. Have always assumed and continue to believe that US is not engaging in outright economic warfare against Soviet orbit and that US policy based solely on security factors involving relatively short and precise lists of selected strategic items which are not basic to normal peacetime trade. I therefore feel, especially in view US position supporting expansion East-West trade in return for exports to Western Europe, at present ECE session, that placing scrap on 1A list would put US in untenable and contradictory position. Further, I am sure that no participating country would seriously entertain any such US suggestion particularly in view current supply situation.

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<sup>1</sup> Not found in Department of State files; it apparently reported the same information conveyed in airgram A-72, May 7, to Geneva, not printed. The National Military Establishment had recommended that the Technical Steering Committee of the Advisory Committee on Requirements consider the application of a Class 1A war potential rating to scrap iron and steel (501.BD Europe/5-749).

<sup>2</sup> The circular telegram of May 16 under reference here, not printed, reported that the Metals Minerals Task Group of the Technical Steering Committee had rejected the proposal to place ferrous scrap on the 1-A list but had agreed on a 1-B recommendation (501.BD Europe/5-1649).

It must also be remembered that all negotiations involving scrap exports eastward are based upon receipt by ERP countries of items with greater critical importance than volume of scrap exported.

Principal potential scrap exporter to East is Bizonia and there we can watch volume and value relationship [apparent omission].

I recommend against inclusion of scrap on 1B list for the present since its inclusion would be, I believe, misunderstood by our Atlantic Pact associates in Europe. I suggest, however, that the quantity of scrap shipments to the East should be watched carefully and if intelligence shows any movement which would indicate stockpiling, the question should be raised at once with the exporting countries.

It seems clear, considering the price differential, that no scrap will move from the US to Eastern Europe and therefore placing scrap on 1B list to prevent such movement would seem unnecessary at this time.

Sent Washington Repto 4322, repeated Brussels Repto 212, Vienna Repto 295, Frankfurt 282 for Collisson.

Pass Commerce and NME.

HARRIMAN

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651.60H31/5-2749 : Telegram

*The Ambassador in France (Bruce)*<sup>1</sup> to the Acting Secretary of State

SECRET

PARIS, May 27, 1949—7 p. m.

2177. 1. On May 20 Embassy informed by Foreign Office of Yugoslav approach to French aircraft industry to purchase ten jet trainers known as SO-6000 (equipped with Rolls Royce Nene engines) and 100 Hispana Suiza 12-Z engines (1800 HP for takeoff). I immediately called on Schuman<sup>2</sup> expressing surprise at this proposal and stating hope that transaction would not be consummated. Schuman agreed that transaction appeared inadvisable and promised look into matter. This morning at Foreign Office request, Embassy officers called to discuss matter further with Alphand<sup>3</sup> and Auboyneau.<sup>4</sup> French argument was that sales in question would benefit French aircraft industry. Embassy officers expressed strong objection to this proposed transaction and pointed out possibility adverse reaction in US.

2. Embassy officers then raised with Foreign Office officials matter of French refusal institute controls over east-west trade with refer-

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<sup>1</sup> David K. E. Bruce succeeded Jefferson Caffery as Ambassador in France at the beginning of May 1949.

<sup>2</sup> Robert Schuman, French Minister for Foreign Affairs.

<sup>3</sup> Hervé Alphand, Director General of the Office of Economic, Financial, and Economic Cooperation Affairs, French Ministry for Foreign Affairs.

<sup>4</sup> Christian Auboyneau, Office of Economic, Financial, and Economic Cooperation Affairs, French Ministry for Foreign Affairs.



ence 1-A and 1-B items (Embtels 1950 and 1957 May 12<sup>5</sup>) and pointed out that this as well as proposed aircraft deal could be extremely embarrassing particularly at present critical time when ECA appropriation under consideration in Congress. French were asked for statement their intentions re these two matters and also re military equipment under law of 1939 which is administered by Foreign Office.

3. Foreign Office officials then indicated that aircraft deal was merely proposal advanced by Yugoslavs and that it would not be carried further "at this time". French next indicated that they had not abandoned intention to control 1-A exports to satellite countries; that application such controls merely delayed until conclusion CFM meeting. They also indicated that such controls now being enforced *de facto* and invited US attention to recent trade agreements with satellite countries. Re 1939 military list Alphand gave instructions in presence Embassy officers to complete its modernization at once. Alphand also agreed further discussions of satellite aviation policy at early date.

4. In course discussion Foreign Office officials expressed hope that US would appreciate their action in bringing proposal Yugoslav aircraft deal to immediate attention US and that US would reciprocate with information as to 1-A transactions between US and Yugoslav parties. Embassy representatives pointed out that such information had previously been conveyed from time to time and that this practice would be continued.

Pouched to Belgrade.

Sent Department 2177, repeated London 337, Bern 35.

BRUCE

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<sup>5</sup> Neither printed.

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*Current Economic Developments*, Lot 70 D 467

*Current Economic Developments*

[Extract]

SECRET

[WASHINGTON,] May 31, 1949.

No. 204

. . . . .

TRADE COMMITTEE ESTABLISHED BY ECONOMIC COMMISSION FOR EUROPE

The Economic Commission for Europe concluded a successful fourth session in Geneva May 21 with formal establishment of a trade

committee with terms of reference as proposed by the *ad hoc* committee.<sup>1</sup> The US and the UK, followed with varying degrees of enthusiasm by other western European countries, opposed any change in the terms of reference, while the eastern European countries unsuccessfully attempted to place emphasis on industrial development.

Under its terms of reference, the committee is a consultative body to serve as a forum for discussion of and exchange of views on questions falling within its competence. It shall study, consult and submit recommendations on measures that will result in an expansion of trade between European countries and also between those countries and countries outside Europe. It will draw attention of the appropriate ECE committees to problems of agricultural and industrial development which are of importance to intra-European trade and shall collaborate as may be necessary with these committees in expanding production and trade. It has authority to approach the various UN specialized agencies in fulfilling its tasks. The committee shall not make recommendations leading to an infringement of the sovereign rights of any government, its task being to facilitate economic agreements between countries on the basis of equal rights and mutual advantages of the contracting parties.

*US Speech on East-West Trade* The Czech amendment requesting the committee to investigate US trade discrimination was defeated 11 to 6. In the course of discussion the US made a reply to a series of Soviet and Eastern European speeches which, although not as vitriolic as those at former sessions, were a critical attack on US trade discrimination and the European Recovery Program. The term "discrimination" became so consistently and closely identified with US export license policy that our delegation believed it necessary to make a statement correcting this impression. Our reply drew attention to the discriminatory practices of eastern Europe and stressed the point that our controls are essential to the acquisition and distribution of products in short supply.<sup>2</sup> The speech was well received by most of the

<sup>1</sup> The Fourth Session of the United Nations Economic Commission for Europe was held in Geneva, Switzerland, May 9-21, 1949. W. Averell Harriman served as the United States Representative at the session, and Paul R. Porter served as Deputy Representative. For the official account of the session and a description of the activities of the Commission and its subsidiary bodies during the preceding year, see United Nations Documents: *Economic and Social Council, Official Records: Fourth Year, Ninth Session: Report of the Economic Commission for Europe, Supplement No. 12*. A seven-page report on the session was submitted to the Department of State in airgram A-124, June 23, from Geneva, not printed (501.BD Europe/6-2349). For the text of Ambassador Harriman's opening statement to the session on May 9, see Department of State *Bulletin*, May 22, 1949, pp. 651-653. Regarding the ECE's *Ad Hoc* Committee on Industrial Development and Trade and the preliminary meetings in February 1949 of the Committee on the Development of Trade, see telegram 194, February 22, from Geneva, p. 83.

<sup>2</sup> For extracts of the summary record of the statement under reference here, made by Deputy Representative Porter on May 16 (Doc. E/ECE/SR.4/13, May 30, 1949), see Raymond Dennett and Robert K. Turner, Editors, *Documents on American Foreign Relations*, vol. xi, *January 1-December 31, 1949* (Princeton University Press, 1950), pp. 194-196.

western European countries, but the eastern countries resented it and attempted replies. The Scandinavians and the Secretariat were unhappy as they considered the statement introduced a political element and they wished to avoid east-west issues. Certain press reports played up the statement as putting an end to the calm, conciliatory atmosphere which had previously existed in the session. While it undoubtedly added an extra day of plenary, our delegation did not sense any basic change in the atmosphere.

*Evaluation of Roles of Member Countries* Our delegation, in a post-session evaluation<sup>3</sup> of the roles played by the various members, concludes that while the Soviets were less flamboyant in their criticism and some sources believe they were being conciliatory, an analysis of their remarks fails to show any fundamental change in their attitude. They apparently do not wish to destroy ECE but want to utilize it for propaganda purposes. There is no indication of any basic interest in or understanding of the work of any of the technical committees with the exception of the trade committee. Their chief objective at this session was to expand the trade committee's terms of reference. The USSR and eastern European delegates repeatedly emphasized the desire for substantial expansion of east-west trade and the need for increased industrial development in eastern Europe as an essential prerequisite of trade expansion. Polish interest in the trade committee appears genuine, but it is not clear yet what the USSR interest is. It may be a recognition of inability to fulfill eastern European requirements from within the area; it may be a concession to the strong Polish interest in the trade committee; it may conceivably be a desire to expand trade with western Europe; or it may simply be a desire for another propaganda forum. Their motives should be clearer after the current session of the trade committee. Albania, Bulgaria, Byelorussia, Hungary, Rumania and the Ukraine were all faithful echoes of the USSR. Although voting with the USSR in all cases, Czechoslovakia and Poland seemed more independent than heretofore. Coordination between these two delegations and the USSR was lacking on several occasions. The Yugoslavs were in an uncomfortable spot on several occasions, but handled themselves with dignity and ability and apparently remained aloof from contacts with other eastern European countries. The Finnish delegate remained silent.

Our delegation believes that the Soviets made no gains at this session. The west gained the initiative and credit for a constructive approach. The unemployment discussion boomeranged on the Soviets as a result of effective speeches by the French and British representatives. The

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<sup>3</sup> The evaluation paraphrased and summarized here was sent as telegram 488, Noce 549, May 23, from Geneva, not printed (501.BD Europe/5-2549).



US set the discrimination issue in its proper perspective and this was clearly disconcerting to eastern Europe. The OEEC countries effectively refuted eastern charges against ERP and stressed the benefits of the first year's operations. There was greater solidarity and cohesion manifest in OEEC ranks than in any previous session. Leading roles were effectively assumed by the British and the French. The Scandinavians took the floor frequently but did not function as a bloc and were not particularly effective. Norway and Denmark were much less willing to compromise than Sweden, which was the most frequent outlet for the Secretariat's compromise proposals. The Benelux and Swiss delegations were ably led.

The general attitude toward ECE seems to support the concept of a regional economic forum in which the east and west discuss problems of mutual concern but members tend to be more critical of specific undertakings. All countries recognized the value of the ECE survey; all express respect for the work of the transport and coal committees. Most were hopeful that the trade committee will be useful, but several countries are dubious of the future work of certain other technical committees now that the short-term bottlenecks are broken.

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501.BD Europe/5-3149 : Telegram

*The United States Deputy Representative to the Economic Commission for Europe (Porter) to the Secretary of State*

SECRET

GENEVA, May 31, 1949—9 a. m.

507. Noce 554. From Porter.

1. Second session ECE Trade Committee<sup>1</sup> ended 10:30 p. m., May 27 in complete failure after 5 days' futile effort reach agreement on next steps. Sole accomplishments were (a) Defeat for fourth time in ECE of EE resolution for investigation "discriminatory trade practices" US/UK; and (b) unanimous agreement resolution requesting Executive Secretariat continue studies arising from resolutions adopted at February session and in light discussion at second session, present more comprehensive report to next session on possibilities developing intra-European trade. Recognized by all that agreed resolution does nothing except keep door slightly open for possible change of line by USSR.

2. Failure due entirely USSR rejection all proposals leading to

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<sup>1</sup> Regarding the first session of the Committee on the Development of Trade, held in Geneva, February 1949, see telegram 194, February 22, from Geneva, p. 83.

provision any trade statistics or plans beyond regular published data. Poland appeared genuinely desirous strengthening new trade relations and groped persistently for constructive committee program. Lychowski's progressively less ambitious proposals were received open-mindedly by OEEC countries, with French warmest supporter and UK coolest. However, all were mercilessly torpedoed by Arutiunian<sup>2</sup> (USSR) and Bystricky<sup>3</sup> (Czechoslovak). Other EE countries present, but played negligible roles.

3. USDel has no convincing explanation Soviet intransigence. Hypotheses include (a) Unwilling commit selves until results CFM meeting known (this interpretation favored by UK and France); (b) Chronic fear of disclosing economic information; (c) Soviets may believe that EE recalcitrance will strengthen their bargaining position and cause West make overtures; (d) Soviets may have become disturbed by earlier indications of Polish and Czechoslovak eagerness, and have decided to block action in ECE until consequences more carefully examined and stronger control over Satellite trade policy established; (e) Arutiunian may have lacked specific instructions and was stalling because inability do anything else (this is what Lychowski professes to believe). While first and last hypotheses may contain some truth, we think them too simple. Would appreciate views Embassy Moscow.

4. Opening day of meeting devoted entirely to procedural formalities. EE proposal for public meetings defeated 11-6. Next 3 days devoted general discussion with lengthy repetitions USSR charges against Mashall Plan, US export licensing policy, etc. EE extremely critical of Secretariat paper E/ECE/trade/3,<sup>4</sup> partly on ground that it did not give information of type which EE has consistently withheld. Claimed it placed one-sided emphasis on fulfillment of import programs of OEEC countries, ignored development needs of EE countries, and failed pay sufficient attention to necessary credit and finance measures.

5. Quickly became apparent that proposals for general survey imports requirements and export availabilities would be impossible and various compromise proposals offered. Among suggestions made: (a) Secretariat representatives to visit European capitals for personal discussion national trade plans and prospects instead of soliciting data

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<sup>2</sup> Amazasp Avakimovich Arutyunyan, Soviet Representative to the Economic Commission for Europe, Chief of the Economic Affairs Division of the Soviet Foreign Ministry, and member of the Collegium of the Foreign Ministry.

<sup>3</sup> Dr. Rudolf Bystricky, Czechoslovak Representative to the Economic Commission for Europe, Chief of the Economic Division of the Czechoslovak Foreign Ministry.

<sup>4</sup> The paper was entitled "A Preliminary Study of the Potentialities for the Expansion of European Trade".



by questionnaire; (b) Geneva meeting for which trade representatives would bring information with them and produce it during discussion rather than submit anything to Secretariat in advance; (c) Special study by secretariat "in consultation with governments" of possible deals to relieve "lines of strain" in bilateral trading. Smaller working party met all day May 27 in effort to salvage something from proposals made. No agreement possible and outcome was meaningless resolution referred to in paragraph 1(b). In accepting resolution, Swedish delegation stated were doing so only because of committee's inability to present better one.

However, made no effort conceal disappointment over proceedings. Were supported by Western delegations with particularly good statements from France and UK. USSR, Czechoslovakia agreed results were disappointing, but tried place blame on Secretariat for inadequate preparatory document and on West for failure investigate basic obstacles such as "US discrimination." Lychowski also obviously disappointed, but tried to develop thesis that trade committee unlike other ECE technical committees and more time required in order find suitable operating technique.

6. Lychowski conducted himself in chair satisfactorily to Western delegations and won general admiration for his adroitness and patience in trying to salvage, even if unsuccessfully, some degree of constructive action. Sympathy for his difficult position, however, inclines French to accept too uncritically his concepts of East-West trade, which we believe look toward European regional anarchy despite his private denials. Poles received no support whatever from other EE delegations. Bystricky was either unable or unwilling make any distinction between Czechoslovak and Soviet interests, and several times gave *coup de grace* to Lychowski proposals. Discussion seemed to be over heads of other Satellite delegations, who were silent except on discrimination issue, and judging from their listless, feeble statements, even this seemed to bore them.

[Here follow two paragraphs describing the composition of Western delegations to the Trade Committee and reviewing the disposition of discussion materials prepared by the Department for the United States Delegation.]

9. Suggest VOA might usefully call attention Soviet over-riding obvious EE desire expand trade with West. First 6 paragraphs only for Moscow.

Sent Department 507; repeated Paris Torep 298 for USDel CFM, repeated Moscow 8; pouched Warsaw, Praha, Budapest, Bucharest, Belgrade, Sofia, Helsinki, Vienna, Berlin, London, Oslo, Stockholm, Copenhagen, Brussels, The Hague, Rome, Bern.

[PORTER]



740.00119 Council/6-149 : Telegram

*The Acting Secretary of State to the Embassy in France*

SECRET      NIACT

WASHINGTON, June 1, 1949—7 p. m.

Secdel 1632. From Martin ITP.<sup>1</sup> Urtel 1831, June 1.<sup>2</sup> On last Friday reps State, ECA and Commerce agreed on report from Sec Commerce to NSC.<sup>3</sup> Subsequently approved at working level by NME and dispatched May 31. Not in time for NSC meeting June 2. Present plan of NSC secretariat is to circulate report as agreement of interested Depts on subject matter of NSC 46<sup>4</sup> which makes further action by NSC on this paper unnecessary.

ACR recommendation is for retention of 31 items in dispute on 1-A list with minor modifications but recognizes need for continued review and in particular consideration of detailed technical data on which UK objections based. With respect to some of 11 items which the UK proposes to control only in part, modifications in US definitions have been agreed which go a considerable way toward meeting UK position. Paper also presents course of action agreed by interested Depts and McDaniels of OSR, now in Washington, on issues raised by original NSC draft. Main points are :

1. Negotiating agencies (State and ECA) agree to continue unremitting efforts to secure parallel action.

2. In such negotiations they are placing emphasis on obtaining with dispatch maximum agreement by all participants to UK list without foregoing continued negotiations on the remainder US list.

3. To extent feasible will encourage countries which have agreed already to US list to continue such agreement.

4. It is also agreed that technical personnel will be made available to assist in negotiations.

McDaniels reports French and Benelux countries have accepted UK list in principle and now no need for assurances that UK list was acceptable to US as contemplated in original NSC paper. McDaniels has reached agreement with Italians on retention full 1-A list provided US prepared to consider flexible treatment of any item, not agreed by UK, which becomes major issue in trade agreement negotiations. Believes items not agreed by UK unimportant in Norway trade but similar arrangement feasible there and in Denmark. While not too well informed on Bizone situation appears probable that same procedure could be followed there.

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<sup>1</sup> Edwin McCammon Martin, Acting Director of the Office of International Trade Policy.

<sup>2</sup> Not printed. In it, Secretary of State Acheson, who was in Paris for the 7th Session of the Council of Foreign Ministers, urgently requested a report on the status of trade control policy considerations and negotiating plans (740.00119 Council/6-149).

<sup>3</sup> Not printed.

<sup>4</sup> Not printed ; see editorial note, p. 110.

Propose to push ahead arrangements for technical mission subject to Harriman approval as to timing. Also pressing UK for detailed justification their rejections for consideration by technical steering committee and advisory committee to determine whether further changes in US 1-A list called for by this new information. Believe it is fully understood that in continuing to press for acceptance of US 1-A list Harriman as negotiator must have tactical discretion.

Proceeding with plans for *ad hoc* intergovernmental group to coordinate action on 1-A items for Finland and Yugo,<sup>5</sup> quantitative restrictions on 1-B items, and control of transshipments.

ECA and Commerce concur. [Martin.]

WEBB

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<sup>5</sup> Materials on the modification of trade control policies with respect to Yugoslavia; for documentation, see pp. 854 ff.

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### *Editorial Note*

In his eight-page airgram A-113, June 8, from Geneva, not printed, United States Deputy Representative to the Economic Commission for Europe, Paul R. Porter, presented his appraisal of United States trade policy toward Eastern Europe. Porter expressed the belief that the West could bring great pressure to bear on the Soviet Union and its satellites if available ideological and material resources were fully utilized. While not minimizing Soviet strength, Porter felt that the West had overestimated the ability of the Soviet Union to consolidate its grip on Eastern Europe. Porter pointed to four factors working in the West's favor: (1) the appeal of cultural and religious ties; (2) the ancient grudges and fears of the USSR; (3) the persistent nationalism in Eastern Europe and example of Western recovery; (4) the fact that although Eastern and Western Europe were interdependent, the West had the advantage of alternative sources of supply, while Eastern Europe had much less flexibility in obtaining essential capital equipment. Porter pointed out that trade with Eastern Europe, currently governed principally by the American desire to curb the growth of Soviet war potential, had been in equipment for heavy industries. He felt that such trade should be reduced with a commensurate increase made in the export of consumer goods, some raw materials, and equipment for light industry. Porter acknowledged the security dangers in such trade increases, but he felt that it was a calculated risk that ought to be taken, since there was every likelihood that such a policy would significantly retard the Sovietization of Eastern Europe (611.60C31/6-849). In his telegram 532, June 27, from Sofia, not printed, Minister in Bulgaria Donald Heath thoroughly

approved the analysis and proposals set forth by Porter (611.60C31/6-2749).

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ECA Telegram Files, Lot W-131, Paris Torep : Telegram

*The Administrator of the Economic Cooperation Administration  
(Hoffman) to the Embassy in France*

SECRET

WASHINGTON, June 13, 1949—3 p. m.

Torep 5807. Reference Repto 4369 May 25.<sup>1</sup>

1. As indicated Torep 816<sup>2</sup> purpose I-B controls is not to require refusal of licenses for I-B items to Soviet Bloc but to restrict flow such commodities to reasonable level for current civilian use. US authorizes export I-B items East Europe in carefully restricted quantities. Therefore a I-B item would not necessarily, within meaning of Section 117(d),<sup>3</sup> be a "commodity for delivery to any nonparticipating European country which commodity would be refused export licenses to those countries by the U.S. in the interest of national security".

2. As a complement to the policy expressed in Section 117(d), however, ECA should, pending institution by participating countries of I-B export controls substantially parallel to those of the U.S., take the following steps:

a. With respect to ECA-financed components requiring little or no fabrication, comprising a major portion of the value of the finished product, take all feasible steps to prevent their incorporation in I-B items intended for export to East Europe. In cases where denial of ECA materials might clearly have important adverse economic effects such as a reduction in important imports or a disruption of trade negotiations, application of this policy is subject your discretion but you may refer case here for review with full documentation if you feel guidance necessary; and

b. With respect to other ECA-financed materials, including industrial raw materials, which cannot be separated from non-ECA-financed commodities, discourage use of ECA-financed supplies in the manufacture of I-B items intended for export to Eastern Europe, recognizing that strict control is not feasible. All feasible steps should be taken, however, to ascertain if there is an excessive shipment of I-B items and where there is such evidence, as may perhaps be established in the case of ball bearings, close control over the flow of ECA-financed materials to the exporting industry should be established and the case referred here with full documentation for action.

3. We recognize that best safeguard against excessive exports of I-B items would be adoption by participating countries of restrictions substantially parallel to U.S. export controls. When satisfactory controls are adopted with respect to specific items, either in the form of ag-

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<sup>1</sup> Not printed.

<sup>2</sup> See footnote 2 to telegram 496, February 5, from Paris, p. 78.

<sup>3</sup> The reference here is to the Foreign Assistance Act of 1948.



gregate agreements among the major producing countries or in the form of controls paralleling those of the U.S., the restriction indicated in Para 2(a) need not apply.

4. Related subject. In the case of ECA-financed supplies entering manufacture of I-A items not controlled by participating country, Section 117(d) leaves no alternative but to take every practicable step to prevent inclusion ECA supplies in such items intended for export to non-participating European countries. In light of present disparity controls U.S. and participating countries, advise what steps you consider practicable effect such control.

HOFFMAN

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660C.119/6-349 : Telegram

*The Acting Secretary of State to the Consulate in Geneva*<sup>1</sup>

TOP SECRET

WASHINGTON, June 14, 1949—2 p. m.

661. Econ 393. For Porter. Urtel 532 rptd. Paris for Harriman 67 and Warsaw 17 Jne 3,<sup>2</sup> and Warsaw's 858 rptd. Geneva 23 Paris for Harriman 123.<sup>3</sup>

Dept does not favor reconsideration export license Polish blooming mill because:

(1) US has right deny export licenses security reasons regardless hardship on Pol or US firm. In this case, no hardship proved for US manufacturing firm, and POLASCO as exporter is corp subj US laws, with legal recourse in US. Thus Pol argument invalid re fact goods ordered before licensing system in effect.

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<sup>1</sup> Repeated to Paris for Harriman as 2081 and to Warsaw as 378. This telegram was drafted in the Office of International Trade Policy, and Assistant Secretary of State for Economic Affairs Willard Thorp signed for Acting Secretary Webb. Most of the points contained in this telegram were previously presented in greater detail in a memorandum of June 7 from John D. Hickerson, Director of the Office of European Affairs, to Assistant Secretary of State Thorp, not printed (660C.119/6-349).

<sup>2</sup> Not printed. It reported on a private luncheon meeting between Ambassador Harriman, Porter, and Jacek Rudzinski, Polish Deputy Representative to the Economic Commission for Europe. Rudzinski argued that a less restrictive U.S. export licensing policy toward Poland and Czechoslovakia would encourage a westward orientation by those countries and would strengthen pro-Western officials in the Polish Government. Porter subsequently discussed with Rudzinski the Polish request for an export license for a blooming mill. Porter was inclined to favor granting the license in order to strengthen pro-Western Polish officials, despite the security risk involved. Later, Polish ECE Representative Lychowski, who claimed to be acting on his own personal responsibility, intimated to Porter that a favorable action on the blooming mill license could lead to the resumption of conversations in Washington on compensation for nationalized property, lend-lease settlement, and other matters (660C.119/6-349).

<sup>3</sup> In his telegram 858, June 9, from Warsaw, not printed Ambassador Gallman commented that the blooming mill sought by Poland had a direct relationship to Polish war potential inasmuch as it was designed to alleviate a current bottleneck to the increase of Polish steel production. Gallman advised against the reconsideration of an export license for the mill solely on the strength of Lychowski's personal assurances (660H.119/6-949).

(2) case has been considered very carefully several times and decision reached that mill would constitute significant addition Sov block war potential.

(3) Lychowski argument that approval license wld assist Pol political independence is invalid because Pol has no political independence in any basic respect. Lychowski tactic is transparent, as obviously Sov policy wld desire Pol obtain mill.

(4) on relation mill to lend-lease and nationalization agreement, Dept policy is that settlements these issues must be considered secondary to major political-economic objectives such as natl security, and that we shld not yield to Pol position that settlement these issues depends on favorable export license policy.

(5) Pol economic situation requires western orientation its trade in any event, and mill wld make no difference in quantities Pol goods available for western countries.

(6) Satellite Govts attempt through so-called western oriented officials <sup>4</sup> in effect mislead the West and satellite peoples and possibly such officials of more service to US policy for long term outside satellite governments than in them.

(7) even if Dept willing reconsider license for mill, would be impossible obtain agreement other agencies.

WEBB

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<sup>4</sup> In his airgram 339, May 23, from Bern, not printed, Minister Vincent observed that so-called pro-Western officials in the satellite governments of Eastern Europe provided a facade over Soviet control which led the unwary to believe that those governments still contained democratic elements. Vincent recommended that Western-oriented officials would be more useful outside government than within (660C.60C31/5-2349).

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501.BD Europe/6-1849 : Airgram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, June 18, 1949.

A-635. Reference Geneva's telegram 507, May 31 to Department <sup>1</sup> requesting Embassy's comment paragraphs 3 and 4. We are inclined to believe that the principal immediate factor explaining the completely negative Soviet attitude at second session ECE trade committee was, despite its apparent oversimplicity, unwillingness of the Kremlin to commit itself in advance of the impending session of the CFM.<sup>2</sup> This does not mean in our mind, however, that Arutiunian was unable to act because he lacked specific instructions. We would think on the contrary that he was specifically instructed to sabotage and confuse the work of the committee and prevent it taking any positive decisions.

However, more fundamentally we believe that Soviet Government has never entered any multilateral arrangement with capitalist powers

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<sup>1</sup> *Ante*, p. 120.

<sup>2</sup> The 6th Session of the Council of Foreign Ministers was held in Paris, May 23-June 20, 1949.



in good faith. As a matter of basic principle it abhors multilateral arrangements as it abhors non-Communist political blocs and participates in them only if it is able to control them either positively or negatively, i.e., able to direct them toward positive service of Soviet interests as in the case of WFTU; or negatively able to prevent them taking any positive action with which the Soviet Government does not agree as in the case of UNSC. Particularly as regards trade we see no chance that the Soviet Government will ever agree to any trade planning which will require a break in its hermetically sealed secretiveness or which threatens the structure of the Eastern European trade monopoly it is carefully constructing; the tendency is entirely in the opposite direction. This does not mean that the Soviet Government will not seek to use such meetings for propaganda or to profit to the maximum extent possible by disclosures made at such meetings with regard to the situation, needs and plans of third countries; however, it will seek to profit concretely from any such revelations bilaterally and not multilaterally.

In our view it should, however, also be noted that the negative attitude of Arutiunian at Geneva has not been significantly different from that of Vyshinski<sup>3</sup> at Paris, and it seems apparent that Soviet policy in Europe in general is in a marking time stage. This we believe may well be due primarily to the fact that the Politburo is overencouraged by the indications of a deteriorating economic situation in the United States. During the past two months Soviet propaganda organs have given very marked attention to every drop in employment, in prices and in stock market quotations. At the same time the Kremlin has certainly noted the growing economy-mindedness of the United States Congress.

There is no alteration intended here of earlier Embassy estimates re the increasing urgency for the U.S.S.R. to alleviate its internal, Soviet Zone and satellite economic bottlenecks. The Kremlin undoubtedly continues to be very unhappy concerning the state of East-West trade, seriously hampered by our trade restrictions and embarrassed in filling commitments to its satellites. However, it seems quite possible that events over the past month have proved sufficiently compelling in Marxist eyes to take the calculated risk that the break in the west bloc's trade controls will come from within. Hence, the tremendous importance of prospective weakened western unity and bargaining position has come to overbalance any cost involved in bearing such additional political and economic difficulties as may be occasioned by extension of the waiting period. We thus believe that there is not likely to be any alteration in the Soviet approach on basic issues until the foundations of such a calculated risk once more dis-

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<sup>3</sup> Andrey Yanuaryevich Vyshinsky, Soviet Minister for Foreign Affairs.



appear, i.e., until the leveling off of the current U.S. disinflation process is assured and previous upward trend of reconstruction and stabilization of Western economies is definitely resumed.

KOHLER

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ECA Telegram Files, Lot W-131, Paris Torep: Telegram

*The Administrator of the Economic Cooperation Administration  
(Hoffman) to the Embassy in France*

SECRET      NIACT

WASHINGTON, June 27, 1949—5 p. m.

Torep 6118. In connection with Military Assistance Program, a paper<sup>1</sup> has been prepared on existing East-West trade restrictions for policy guidance in Congressional hearings. This paper has been cleared by ECA, State and NME at working level and will be submitted to Foreign Assistance Correlation Committee for final draft this week. Your comments and recommendations are urgently requested on following conclusions of paper:<sup>2</sup>

“1. The current negotiations for the control of exports carried on by State and ECA through established channels seem adequate to cover the export of items that might be of particular interest under the MAP. It does not appear necessary to initiate any new negotiations with ERP countries or Canada to secure restrictions over the export of such items.

2. The present U.S. lists of totally or partially embargoed items include substantially all items of interest under MAP. If it is found necessary to include additional items, they may be added thru existing procedures, to the lists, which are under continuous review by the Advisory Committee on Requirements.

3. Agreement should be obtained on an *ad hoc* basis from non-ERP recipients of MAP to institute controls over their significant exports of military or strategic articles to the Soviet Bloc.

4. Where MAP strengthens the position of the U.S. in its continuing negotiations with the ERP countries, the U.S. should take advantage of this fact thru appropriate channels.

5. Where exports of some items on the I-A list are not satisfactorily controlled by some MAP recipient, the FMA Directors, in deciding

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<sup>1</sup> The reference here is to document MAP D-G/32, approved by the Foreign Assistance Correlation Committee on June 24, not printed (Department of State Committee Files, Lot 54 D 5). The Foreign Assistance Correlation Committee consisted of representatives of the Department of State, the National Military Establishment, and the Economic Cooperation Administration and served as the advisory inter-Departmental organization for the coordination of the position of the Executive Branch of the government on plans, policy, and legislation relating to foreign military assistance. Approved FACC documents of the MAP D-G series were included in the briefing book used by officers of the Executive Branch in hearings before Congress on the Mutual Defense Assistance Act of 1949. For documentation on the Military Assistance Program, see vol. iv, pp. 1 ff.

<sup>2</sup> In his telegram Repto 4991, June 30, from Paris, not printed, Ambassador Harriman expressed basic concurrence with the five points listed here (ECA Telegram Files, Lot W-130, Paris Repto).

upon the extension of military aid, will exercise administrative discretion in accordance with the best interests of the U.S."

Under point 1, it is understood that Harriman assumes these responsibilities in his capacity as the representative of the US Govt for East-West trade negotiations, which extends beyond his responsibilities in the ERP.<sup>3</sup>

At present time that part of U.S. satellite aviation policy relating to the State Dept's munitions and I-A list is being negotiated by State Dept air attachés. Do you believe it desirable to have separate paragraph indicating responsibility for satellite aviation policy relating to export restrictions, or should Harriman as U.S. representative in all of these matters assume responsibility for policy coordination and negotiation? <sup>4</sup>

HOFFMAN

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<sup>3</sup> In his telegram Repto 4991 (see footnote above), Ambassador Harriman stated that inasmuch as the facilities at his disposal for direct discussions with governments were limited to ERP countries, he assumed that generally the Department of State would carry on direct negotiations with non-ERP countries.

<sup>4</sup> In his telegram Repto 4991, Harriman stated that it was not desirable currently to shift responsibility for satellite aviation policy to his office. For the documentation on United States civil aviation policy with respect to the Soviet Union and Eastern Europe, see pp. 184 ff.

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Department of State Committee Files : Lot 54 D 5

*Policy Paper Approved by the Foreign Assistance Correlation Committee* <sup>1</sup>

[Extract]

SECRET

[WASHINGTON,] July 1, 1949.

MAP D-G/31

EXISTING EAST-WEST TRADE RESTRICTIONS

*Problem*

To describe existing restrictions on East-West trade, negotiated under decisions of the Cabinet and the National Security Council and under the Foreign Assistance Act of 1948, and to indicate related problems arising from the Military Assistance Program.

*Discussion*

The State Department and ECA are currently negotiating with ERP participants to get their agreement to impose controls, over exports to countries in the Soviet orbit, similar to controls imposed by the United States. Considerable success has already been achieved in securing similar controls over exports to Eastern Europe of com-

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<sup>1</sup> Regarding the Foreign Assistance Correlation Committee and the disposition of the document printed here, see footnote 1 to telegram Torep 6118, *supra*.



modities on which the U.S. has placed an embargo for such export.

[Here follow five pages in the source text essentially repeating the substance of paragraphs 2 through 6 of document NSC 46, May 3, 1949. See editorial note, page 110.]

No written agreements are sought from the countries approached because of the necessity of registering agreements with the U.N. The ECA participants have been urged to exchange information with the U.S. on the extent of their export controls to the Soviet orbit. It should be noted that because of the great economic importance of East-West trade to many of the ERP countries, and because of the political strength of the Communists in some of the countries, the negotiation of restrictions extending beyond items clearly of a military nature is a matter of extreme delicacy.

ECA and State have concentrated their efforts on obtaining maximum acceptance of controls over I-A items. Italy and Norway have concurred in embargo of the full I-A list, and the Danes have agreed to control nearly all the items. The Trizone of Germany is at the present time embargoing the full I-A list under licensing control administered by the Joint Export-Import Agency. Measures to enforce such controls have had only limited effectiveness. The procedure for future controls, to be administered by German civilians, has not yet been determined. The Austrian Government has also agreed to embargo the full I-A list. However, the Austrian Government has recommended that in order to establish any effective controls, all exports from the U.S. and the participating governments to the Soviet zone should be carefully screened as to consignee and end-use. The U.S. and British Governments at the present time have instituted such screening procedures. The most serious gap in Austrian controls has resulted from the failure of authorities in the Trizone to screen strategic shipments to the Soviet zone of Austria. (In view of the personal dangers to which Austrian officials concerned with this subject are exposed, it is important that no publicity be given to the Austrian Government's activities.)

The U.K. has put into effect controls over 128 items out of 163 on the United States list and exchange of technical information and views is continuing on the remainder of the items (including five which the British control only partially). France, the Netherlands, Belgium and Luxembourg have indicated concurrence in the list of items accepted by the British. The French have advised that they are currently controlling these items on a "*de facto* basis" and both France and the Netherlands are expected to institute fuller and firmer controls in the near future. Portugal, Iceland, Ireland, Greece and Turkey have no trade with Eastern Europe in I-A items and have prevented the trans-shipment of such items through their countries to Eastern Europe. While Sweden and Switzerland admit the necessity for security



controls over exports to Eastern Europe, they are unwilling officially to exchange information on the extent of their controls over I-A items.

In addition to the broader safeguards on East-West trade promoted by these negotiations, checks are continually being made by the ECA Controller's Office of the end-use of ECA-financed materials.

The I-B list has been presented to all of the participating governments, who have agreed to the principle of quantitative controls over these items. A formal procedure for implementing the quantitative control of the I-B list will be established as soon as negotiation of the I-A list has been completed.

### *Recommendations and Conclusions*

1. The current negotiations for the control of exports carried on by State and ECA through established channels are adequate to cover the export of strategic items (i.e., items on the I-A and I-B lists, as amended from time to time). It does not appear necessary to initiate any new negotiations with ERP countries or Canada to secure restrictions over the export of such items.

2. The present U.S. lists of totally or partially embargoed items include substantially all items of interest under MAP. If it is found necessary to include additional items, they may be added thru existing procedures, to the lists, which are under continuous review by the Advisory Committee on Requirements.

3. Agreement should be obtained on an *ad hoc* basis from non-ERP recipients of MAP to institute controls over their significant exports of military or strategic articles to the Soviet Bloc.

4. Where MAP strengthens the position of the U.S. in its continuing negotiations with the ERP countries, the U.S. should take advantage of this fact thru appropriate channels to bring the negotiations to a successful conclusion and ensure adequate implementation.

5. Where exports of some or all items on the strategic lists are not satisfactorily controlled by some MAP recipient, the FMA Director, in deciding upon the extension of military aid, will exercise administrative discretion in accordance with the best interests of the U.S.

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### *Editorial Note*

In a letter to Ambassador Bruce dated July 12, 1949, the French Foreign Minister referred to a conversation of June 27 when Bruce called on him to urge early adoption of trade controls. The letter confirmed the French Government's decision to limit or prohibit export to the Soviet Union and its satellites of materials and products listed jointly by the French and British as strategic in nature. Schuman explained that the measures would require several weeks to implement and would be applied with some flexibility toward Yugoslavia and

Finland. He pointed to the necessity of inducing a similar practice on other participating countries so that the measures would be effective and considered fair by all. In telegram 2902, July 13, from Paris, not printed, Ambassador Bruce observed that the communication appeared to be a firm commitment to institute trade controls. Bruce also reported that the Embassy had been informally told by the French Foreign Ministry that postponement of the institution of controls until August was the result of the French Government's preference to defer application until the adjournment of Parliament. (640.6031/7-1349)

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S60C.6362/7-1449 : Telegram

*The Secretary of State to the Embassy in France*<sup>1</sup>

SECRET

WASHINGTON, July 14, 1949—7 p. m.

2566. Pass Harriman from ECA and State.

1. Subj is exchange Pol coal for ECA-financed cotton.

2. May 19, 1949 Pol Gov submitted in Warsaw to Emb and E. D White, official of USDA, an *Aide-Mémoire* offering deliver to Western Eur countries in exchange for US cotton 1.5 to 2.0 million tons of coal over and above present commitments, coal to be delivered within 10 months of signing of agreement. Text this document being airgrammed. In addition, during discussions relevant to presentation of *Aide-Mémoire*, Poles indicated willingness to consider substantial cuts in price of coal in order to obtain cotton.

3. Fol is text suggested reply to be given Pol by Emb Warsaw. "*Aide-Mémoire* presented May 19, 1949 on the subject of an exchange of Polish coal for Amer cotton, the coal to be used in various Eur countries, has been studied by the competent authorities of the U.S. Govt. The decision reached is that, in view of the primary interest of the Eur countries concerned, further discussions of this matter should not be conducted between representatives of the Govt of Poland and those of the Govt of the US. The Govt of the US is of the opinion that the proper channels for such discussions are direct negotiations between Poland and the Eur countries concerned. The US will of course be prepared to examine with the country purchasing Polish coal any proposal which may involve US financial assistance in the purchase of cotton."

4. On basis this reply, it is possible that Poles may approach certain OEEC countries with the aim of exchanging coal for US cotton.

5. US position in event of such an approach is:

(a) Wherever possible, Polish coal should be used instead of ECA-financed US coal if an attractive price on suitable qualities is offered.

(b) That Pol coal shld be acquired by participating countries to the

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<sup>1</sup> This message was repeated to Warsaw as 434 and to Geneva as 881.



maximum degree possible in exchange for their own production of nonstrategic commodities.

(c) Where it can be demonstrated that the participating country has offered and Poland has accepted the maximum practical amount of the participating country's production, ECA is willing to consider supplying cotton for use as payment for any additional quantities of Pol coal in direct displacement of ECA-financed US coal that wld otherwise be required. This applies only to Pol coal supplied over and above current volume.

(d) Fr, Ital, and Neth are now only Western countries using ECA-financed US coal and affected above. Not considered advisable at this time, however, to inject cotton into Ital negotiations as we understand Poles most anxious obtain maximum Italian goods in trade and Itals have ample bargaining power on basis of their own production of export goods.

(e) Austria is special case sofar as ECA financing may be required for Pol coal. To the extent feasible, dol for dol substitution of Amer cotton for US dollars shld be encouraged.

6. Accordingly OSR please transmit substance Pol proposal our reply and pertinent paras this tel to appropriate ECA Missions for use at their discretion in talking with Govts to which they are accredited. Suggest further that Missions impress upon respective govts necessity for hard bargaining lest ECA cotton merely displace Western Eur production in East-West trade flow.

7. Recognize that, with possible exception of Austria, it is not certain to what extent savings US coal or dols can be effected through use of cotton as a barter incentive. There may be quality problems with respect to the coal offered. In event transactions are possible, however, believe that Western Eur Govts concerned might be able to use as additional bargaining weapons knowledge that Poles can supply up to 2 million tons over and above their present commitments and that US cotton can be used as payment subject to considerations outlined above.

8. Pls advise soonest your comments this tel. Warsaw will then be instructed proceed accordingly.<sup>2</sup> [ECA and State.]

ACHESON

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<sup>2</sup> Telegram 1066, August 1, from Warsaw, not printed, reported that the American reply as outlined here had been communicated to Polish foreign trade authorities who appeared pleased and quite prepared to deal directly with the Western European countries concerned (860C.6362/8-149). The reply was also communicated to the Polish Embassy by the Department of State on August 2.

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ECA Telegram Files, Lot W-131, Paris Torep : Telegram

*The Administrator of the Economic Cooperation Administration  
(Hoffman) to the Embassy in France*

SECRET      PRIORITY

WASHINGTON, July 22, 1949—3 p. m.

Torep 6580. Personal to Harriman from ECA and State. Action pending on recommendation to place ferrous scrap on 1B list. At time



Repto 4322, May 20,<sup>1</sup> we concurred your views. Today situation so changed in many fundamental aspects, we believe 1B action wise.

*a.* US, Canad no longer buying Ger scrap. West Eur requirements this scrap remainder 1949 substantially less than availabilities May mtg *ad hoc* scrap committee. East Eur still offering premium prices.

*b.* Allocations have been discontinued, and uniform price for Ger scrap exports suspended (Torep 5415, Jul 14<sup>2</sup>).

*c.* Direct occupation control Ger exports will be relinquished near future, and, Gers will administer own fon trade, including screening security items although it is expected that Allied High Commission will review licenses for 1A, 1B exports; and also retains power to intervene, if necessary. If scrap on 1B, occupation intervention wld be more feasible; statistics wld be available for checking; US approach to all countries wld be facilitated if eastward shipments from Ger and other countries became excessive.

*d.* Possibility lists becoming public poses public relations problem if scrap not included because of aura scrap retains from Jap experience.

Interdepartmental mtg this issue July 25.<sup>3</sup> Pls comment soonest. [ECA and State.]

HOFFMAN

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<sup>1</sup> *Ante*, p. 115.

<sup>2</sup> Not printed.

<sup>3</sup> Paris Repto circular telegram 286, August 10, not printed, stated that the Advisory Committee on Requirements of the Department of Commerce had officially placed ferrous scrap on the 1-B list (London Embassy Files, 500 Marshall Plan).

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### *Editorial Note*

In its 10-page despatch 478, July 14, from Warsaw (together with a 5-page enclosure), not printed, the Embassy in Poland presented its consensus on the views expressed in airgram A-113, June 8, from Geneva (not printed, but see editorial note, page 124). The Embassy found no outstanding substantive differences of opinion between the considerations advanced in the airgram and views previously expressed by the Embassy. The Embassy in Warsaw was, however, less sanguine about the possibility of dislodging the Soviet power from Eastern Europe within the foreseeable future by means of diplomatic and economic techniques. Because of Poland's geographic position, economic assistance was not likely to stimulate nationalism to the point of success comparable to that in Yugoslavia. Financial assistance to Poland would, under current circumstances, work to the benefit of the Soviet Union. The Embassy in Warsaw felt that for the moment the West should do nothing—beyond encouraging sufficient East-West trade with Poland to meet the requirements of a successful European Recovery Program—which might relieve the internal pressures in Poland. The Embassy recommended that the criteria of exchange

of any goods which might contribute to Poland's industrialization ought to be the relative advantage to the Western trading partner (611.60C31/7-1449).

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800.24/8-1549

*The Secretary of Commerce (Sawyer) to the Secretary of State*

SECRET

WASHINGTON, August 15, 1949.

DEAR MR. SECRETARY: I am as you know much concerned over the slow progress of the Western European countries in adopting security controls over the export of strategic commodities to the Soviet orbit, parallel to the controls which this Department has been enforcing for over 17 months against U.S. exporters. Your Mr. Edwin Martin has doubtless given you the same picture of the situation I have received from Mr. McIntyre of my staff.<sup>1</sup> Evidently the British have determined to press ahead with their "1-A" controls. Other countries are in various stages of conformity. Several of these countries were to confer July 15, and agreement on the imposition of uniform controls at the British level was a possibility. It would be helpful if the several U.S. agencies concerned with the export security problem could know the outcome of this July 15 (Quay d'Orsay) conference.

In any event, there is no mechanism in existence which will assure a control of "1-B" items by Western Europe comparable with U.S. restrictions. I understand that the British are generally opposed to a consultative group which would attempt to define a "safe quantity, appropriate for civilian needs in the Soviet Area", so as to rationalize the aggregate quantity which the Western world is prepared to see supplied. I am aware of the arrangements made for the exchange of information between the U.K. and ourselves on past shipments of "1-B" items, but this is never likely to provide adequate warning of key commodity shipments in time for effective multilateral control. Furthermore, the prospects are not encouraging for the extension of this *post-facto* data exchange system to ten or more countries, each with a different export statistical classification.

The possibility has been informally discussed among representatives of our two Departments that a meeting might be called between the U.S. and representatives of the several Western European countries to explore techniques for preventing unauthorized transshipment of high

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<sup>1</sup> Edwin McCammon Martin, Acting Director of the Office of International Trade of the Department of State, and Francis E. McIntyre, Assistant Director of the Office of International Trade of the Department of Commerce, visited Western Europe in late June and July to discuss the progress of trade control implementation with appropriate officials.

security goods to the East, and that at such a meeting other topics of common interest in this field might be raised. I am heartily in favor of planning such a conference, and should like to designate Mr. Loring K. Macy, who has succeeded Mr. McIntyre on my staff, to represent me in making tentative plans for the Department of Commerce's participation in such discussions.

In this connection I should like to make an observation based on my experience in watching the relationships among the U.S., U.K., and one of the smaller Western European countries (Belgium). It seems to me we are too willing to let the British handle for us important and delicate negotiations with these countries, and that the British, while they welcome this intermediary position, can scarcely be expected always to press the U.S. point of view with full vigor, I urge, therefore, that in any subsequent negotiations on parallel export controls, we ask the U.K. to join us as partners in continental negotiations, rather than requesting them (however sincerely they may agree to present the U.S. position as their own) to convene the other powers for a discussion in which the U.S. does not participate.

Needless to say, I shall be happy to meet with you at any time for further consideration of these important problems.

Sincerely yours,

CHARLES SAWYER

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### *Editorial Note*

In its 13-page despatch No. 1365, August 18, from London, not printed, the Embassy in the United Kingdom presented its views on the United States policy toward East-West trade and its comments on the views set forth earlier in airgram A-113, June 8, from Geneva (not printed, but see editorial note, page 124). The Embassy felt that the most that could be accomplished by the West through the instrument of trade alone was the prohibition of the export of truly strategic materials in appreciable quantities to Eastern Europe. The Embassy also felt it would be possible to secure a reasonable *quid pro quo* for Western exports of non-strategic but essential capital equipment and raw materials. The Embassy observed that the potential amount of East-West trade was limited by the restricted quantities of essential exports which Eastern Europe had to offer. The Embassy suggested that the United States continue to exercise pressure in the following directions: (1) help Western Europe rebuild its economic strength; (2) continue the coordinated export control programs; (3) encourage the growth of "Titoism" in Eastern Europe (611.60C31/8-1849).



501.BD Europe/8-2549: Telegram

*The United States Deputy Representative to the Economic Commission for Europe (Porter) to the Secretary of State*

SECRET

GENEVA, August 25, 1949—4 p. m.

997. Noce 593. From Porter. Myrdal informs me that Arutiunian in closing days of ECOSOC session<sup>1</sup> asked him when he planned to convene another meeting of ECE trade committee. Myrdal replied he had no intention to convene another meeting until he had firm assurance that Russians, who had caused failure of last trade committee meeting, would be cooperative at next. He thought minimum degree of cooperation would be Soviet willingness to permit satellites to supply ECE with enough data to permit practical negotiations toward expanded trade. He would await demonstration by Soviets that they regarded committee as agency for useful work rather than propaganda. He added that in two years ECE had been in existence Russians had not contributed "single damn thing" to its work. Myrdal said Arutiunian made no comment other than to suggest that Myrdal put his observations in memorandum to Soviet Foreign Office.

Myrdal has since sent memorandum suggested by Arutiunian. At suggestion of Koktomov, his Russian deputy, memorandum was then edited into a generalized statement issued within past few days to all governments under title "Memorandum on Future Work in Field of Trade" (ME/564/49).<sup>2</sup> Copies airmailed to Camp<sup>3</sup> and Bonsal.<sup>4</sup> My impression is that unless original memorandum was more direct than this document, Soviet Foreign Office might fail to understand Myrdal's intent.

Myrdal and Koktomov last week personally presented an *aide-mémoire* to Bulgarian and Rumanian Ministers in Bern urging their governments take active part in ECE committee on agricultural problems, first meeting of which scheduled October 3-5. He and Koktomov will soon visit Praha and Budapest for same purpose. Myrdal said no special approach being made to Poland, Yugoslav Governments, whose cooperation he expected anyway. Secretariat feels that agricultural committee likely to provide mechanism whereby east will seek expansion of east-west trade.

Koktomov will later take home leave in Moscow. While there he will urge Soviet Foreign Office show more sympathetic attitude toward ECE. During conversation with me, Myrdal expressed general views on Soviet policy, which may be of interest to Department as

<sup>1</sup> Reference to the 9th Session of the U.N. Economic and Social Council, held in Geneva, July 5-August 15.

<sup>2</sup> Not printed.

<sup>3</sup> Miriam Camp, Special Assistant on International Economic Organizations.

<sup>4</sup> Philip W. Bonsal, Political Adviser to the Special Representative in Europe for the Economic Cooperation Administration (Harriman).

indication of his current thinking. He said it was his personal view that Russians became convinced about year ago that military and economic strength of US made it impossible for them to hold their present positions in Europe. He associates last winter's changes in government with this basic decision. He thinks that Russians will strive to maintain control over satellites, but prepared negotiate withdrawal from Germany. Whenever such negotiations might be undertaken, he thinks enlarged east-west trade would be important bargaining issue. However, he believes Russians for past several months have been re-examining their decision in light of (a) possibility US recession might become serious, (b) possibility of serious divergence between US and UK. Myrdal said he was alarmed over possibility breakdown of September financial talks might cause democratic west to lose its great gains of past two years.

Myrdal also told me he had written Lie that he thought British [*Russians?*] were perhaps adopting friendlier attitude toward ECE, which might also imply better support of UN. What Myrdal regards as straws in wind are separately reported in airgram.

Sent Department 997, repeated Moscow 16, Paris 102 for Harriman, pouched Warsaw, Praha, Sofia, Budapest, Belgrade, Bucharest, Frankfurt.

[PORTER]

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Secretary's Memoranda, Lot 53 D 444, Secretary's Memos of Conversation

*Draft Memorandum of Conversation, by the Secretary of State*<sup>1</sup>

SECRET

[WASHINGTON,] September 16, 1949.

Participants: Secretary Acheson  
 Belgian Foreign Minister van Zeeland<sup>2</sup>  
 The Belgian Ambassador<sup>3</sup>  
 Mr. MacArthur, WE

Mr. Van Zeeland said that he wished to touch briefly on the rather delicate subject of East-West trade. He said that the Belgian Government fully concurs with us in the principle of restricting the export of strategic materials to the Soviet Union and its satellites. On the other hand he said that when the Belgian Government entered into an agreement on this subject, it would wish to implement it honestly,

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<sup>1</sup> This draft memorandum, which was prepared by Douglas MacArthur, 2nd, Chief of the Division of Western European Affairs, is not signed.

<sup>2</sup> Foreign Minister van Zeeland was in Washington for the First Session of the North Atlantic Treaty Organization Council.

<sup>3</sup> Baron Silvercrucks.

not only plugging possible loopholes which might arise from exports to Switzerland and Sweden or other countries which are ultimately destined for the Soviet Union, but also being sure of the exact nomenclature of the items included in the agreement. Therefore, before his Government could adopt such a program it was indispensable that the exact nature of the individual items be clearly spelled out. This was most important to avoid subsequent charges of bad faith and in this connection he mentioned there was already some confusion in the nomenclature of items on the lists which we have submitted to his government. He said that he understood this whole question was in the process of being ironed out and that he had been in close touch with Mr. Haynes, Chief of the ECA Mission in Brussels.<sup>4</sup> He also counted on being in very close touch with Mr. Haynes' successor, Mr. Nuveen. He inquired as to whether Secretary Acheson had any information on Mr. Nuveen's plans.

I said that I was glad to hear that the Belgian Government shared our views on the principle of restricting exports of strategic materials to the east. I went on to say that we were sorry our negotiations with the Belgians had not proceeded as rapidly as they had with Great Britain, France, Italy and certain other countries. I added that it was too bad that the American technical mission which had recently visited Europe for the purpose of clarifying the nature of listed items had not been able to go over the list with the Belgian experts. I said that I hoped, however, that negotiations could proceed rapidly. While I did not know Mr. Nuveen's plans I was sure that he would wish to work in the closest harmony with Mr. Van Zeeland and the appropriate officials of the Belgian Government.

Mr. Van Zeeland replied that the American technical mission had not been able to get in touch with the Belgian experts because of a mix-up in Brussels which occurred during his absence in Strasbourg. He understood, however, that one and possibly several of these experts might return to Brussels and believed that this would hasten the reaching of a satisfactory agreement.

He concluded by saying that while the Belgian Government fully agrees in the principle of limiting the export of strategic materials, he thought that consideration might perhaps be given to setting up some sort of informal mechanism of the participating countries so that those countries which honestly implement the program will not be penalized by non-observance by other participating countries. This was a very delicate matter, however, and his views on this were not as yet crystallized.

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<sup>4</sup> John L. Haynes was Program-Review Officer of the ECA Mission in Belgium. James G. Blaine was Chief of the ECA Mission in Belgium until September 1949 when he was succeeded by John Nuveen, Jr.



800.24/S-1549

*The Secretary of State to the Secretary of Commerce (Sawyer)*<sup>1</sup>

SECRET

[WASHINGTON,] September 19, 1949.

MY DEAR MR. SECRETARY: I refer to your letter of August 15, 1949,<sup>2</sup> in which you have expressed concern over the rate at which Western European countries are adopting security controls over the export of strategic commodities to countries in the Soviet orbit. I appreciate greatly your frank and helpful statement of your views on this important problem.

With respect to the question of "1A" controls there have been several developments which seem to justify the guarded optimism which, I believe, both Mr. Martin of this Department and Mr. McIntyre of your Department shared upon their return from Europe in July. Since that time, the French Government has proceeded to put 1A controls into effect, and considerable progress has been made by the Benelux countries. There have been some special problems in connection with Germany, and it is my understanding that representatives of our respective Departments, of the Economic Cooperation Administration, and of the Department of the Army have been giving the German situation careful attention. We are confident that the arrangements in Germany will be satisfactory from the security standpoint. As you know, the situation of Sweden and Switzerland is an exception to the line of action followed by the other Western European countries.

The meeting of the Western European countries which took place in July was informal in nature, and we do not expect to receive an official report concerning its outcome. We have, however, received informal information from officials of several of the countries which participated. These reports indicated that the meeting resulted in renewed efforts by the Western European countries to impose the 1A controls in which we are interested.

It is my understanding that a program of action with respect to "1B" controls has now been approved by officers of your Department. This program has been set forth in a telegram to Ambassador Harriman, Torep 7496 of September 1, 1949.<sup>3</sup> You will note that it includes a proposal on the transshipment problem, which was a subject of comment in your letter. A copy of the telegram is enclosed for your ready reference.

It has never been the view of the Department of State or of the Economic Cooperation Administration that the British should handle for us as an intermediary negotiations with other participating countries

<sup>1</sup> Copies of this letter, which had been cleared informally in draft with the Economic Cooperation Administration and Ambassador Harriman, were also sent to Hoffman and Harriman.

<sup>2</sup> *Ante*, p. 136.

<sup>3</sup> Not printed.

on the question of security export controls. Ambassador Harriman has carried out extensive negotiations directly with the European countries concerned in this problem, and he and his representatives have made a forceful and effective presentation of our position. We have felt however, and I believe that Ambassador Harriman shares this view, that British leadership in this field is of the utmost importance and has had a constructive effect by reinforcing and supporting our own bilateral discussions. It is our view that this approach will yield maximum results in attaining the objectives which we all seek.

It has come to my attention that in a recent revision of the Comprehensive Export Schedule, when the new Positive List was formulated, a number of 1A and 1B items were inadvertently omitted, which had the effect of freeing these items from control.<sup>4</sup> I hope that prompt action to rectify this unfortunate occurrence is being taken. You will readily appreciate the negotiating difficulties which might occur if this omission were to become apparent to European countries.

I am confident that the officers of our respective Departments have established close working relationships in these matters, and that constructive results will accrue from such cooperation.

Sincerely yours,

DEAN ACHESON

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<sup>4</sup> In mid-August the Department of Commerce had published a new list of commodities requiring license for export from the United States. This "Positive List" of several hundred items included all those appearing on the 1-A and 1-B lists, although the existence of the lists was not mentioned in the published statement. The Positive List as of the beginning of 1949 is included as Appendix A to *Export Control and Allocation Powers*, Sixth Quarterly Report by the Secretary of Commerce to the President, the Senate, and the House of Representatives (Washington, Government Printing Office, 1949).

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611.6031/10-149

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

TOP SECRET

Moscow, October 1, 1949.

No. 558

SIR: With reference to the Department's circular airgram of August 15, 1949, Geneva's A-113 of June 9[8], 1949,<sup>1</sup> Warsaw's despatch No. 478 of July 14, 1949<sup>2</sup> and London's despatch No. 1365 of August 18, 1949,<sup>3</sup> I have the honor to transmit herewith four studies, described below, prepared in the Embassy, containing detailed analyses of various basic considerations which seem to us of profound importance to the formulation of US policy toward the USSR and its satellites with particular regard to East-West trade.

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<sup>1</sup> Not printed, but see editorial note, p. 124.

<sup>2</sup> Not printed, but see editorial note, p. 135.

<sup>3</sup> Not printed, but see editorial note, p. 137.

I commend these enclosures to the thoughtful examination of the Department and of other departments and agencies of the Government concerned with the determination of US economic policy. In my opinion the conclusions and comments contained therein merit careful consideration at the highest level.

Based on the premise, which appears incontrovertible, that the objective of Soviet policy remains the destruction and Communisation of the Western world, and that it is consequently of prime importance that, in self defence, the Western powers exert every effort to thwart the Soviet achievement of that end, these related papers contain convincing evidence of weaknesses in the Soviet system and conclude that appropriate exploitation thereof can materially lessen and conceivably, in the ultimate, destroy Soviet aggressive economic potential. Taking issue with the view which seems to us to have tended heretofore to have over-influenced Western economic thinking in regard to Russia and her satellites—namely, Western dependence on Eastern economies—these studies show the important degree to which the converse—Eastern economic dependence on the West—is true, and suggest the urgent desirability that Western trade policies toward the countries under Bolshevik leadership be reviewed as an effective alternative to the disastrous consequences of Soviet industrial expansion.

Extended Western restrictions on trade with Russia and her satellites are seen as imperative and mechanisms are proposed for determining how far and how fast the West can go in that direction. I believe that the effectiveness of the application of such additional restrictions will be directly proportionate to the expedition with which they can be introduced and am apprehensive of the potential results of appreciable delay.

Respectfully yours,

ALAN G. KIRK

Enclosures:

1. Copy NA, Moscow Report no. 145-49 of Sept. 21, 1949, "Soviet Dependence on the West, Its Nature and Implications." The structural characteristics of Soviet industry, technology and transport—its inherent dependence on the West due to engineering considerations, its technical vulnerability to coordinated Western economic control.<sup>4</sup>
2. Copy of Army Attaché, Moscow Reports nos. R-171-49 and R-172-49 of October 2, 1949: The Berlin blockade—its course and Soviet failure: a case study of the force of Western Economic Power—its inadequate appreciation—its belated application—its success—Soviet vulnerability in practice.<sup>4</sup>
3. Copy of Embassy despatch no. 557 of October 1, 1949, "Embassy's Comments on Certain Economic Aspects of OIR report no. 4998, 'Soviet Internal Situation' ".<sup>5</sup>

<sup>4</sup> Not printed.

<sup>5</sup> *Post*, p. 659.



4. Memorandum of Oct. 1, 1949 prepared by the Economic Section of the Embassy, amplifying Emb. views on certain aspects of East-West trade with emphasis on recommended mechanisms for determining a practical Western course in that regard.

[Enclosure]

*Memorandum Prepared by the Economic Section of the Embassy in the Soviet Union*

TOP SECRET

[Moscow,] October 1, 1949.

Despite the Western world's "inferiority complex" attributable to successful Soviet policies of censorship, limited access, and the never-ceasing drumbeat barrage of a strident and highly confident Moscow-disseminated propaganda on a grudgingly receptive capitalist subconscious, the tone of optimism which characterizes Mr. Porter's thoughtful Geneva A-113 on the subject of East-West trade, and which receives basic support from other papers on the subject in Moscow at the present time (Warsaw's despatch no. 478, July 14, 1949 and London's despatch no. 1365 of August 18, 1949) is encouraging.

In so far as the thinking of these papers is characteristic of U.S. and Western representatives generally—it is believed that lengthy forward strides have been successfully negotiated. The proposition that such confidence rests on firm foundations, will gain strong support through the arguments and conclusions of this memorandum and the foundation studies enclosed to despatch no. 558.

Summary examination of the technical weapon strength of the "Soviet socialist camp" and of the "aggressive capitalistic camp" may prove useful at this point in establishing perspective for the arguments and recommendations subsequently advanced in this paper.

Generalissimo Stalin's startlingly successful postwar surge to expansion and power may be essentially attributed to the skillful manipulation of the same three old and trusted weapons handled by him for years, i.e., *strident propaganda, ruthless force, and concentrated economic power*. These elements supplement one another and are effective though to varying degrees in all climates—the Soviet world, the "middle" world and the Western world. Politics, the battle plan of the "great teacher", for the short- and the long-run future, are designed on the basis of, and are mutually dependent upon, the estimated strength of the opposition anticipated, as well as the effective fire power of his own arsenal. Comparatively "effective" *economic power* is, in the final analysis, the determining factor limiting the scale of his political pattern for any given campaign. Should this outline require support, it is to be found in :

"Economics is the basis—politics the superstructure."

(*Marx and Engels, Collected Letters*, p. 422.)

"Politics is the concentrated expression of economics."

"Politics cannot have priority over economics. To judge otherwise—means to forget the alphabet of Marxism."

(*V. I. Lenin, Works of*, vol. XXVII, p. 4.)

An inventory of the arsenal of the Western world discloses some significant differences. First, the propaganda or information arm, though vastly improved in recent years, has its ultimate recognized limitations, i.e., its access to only the Western and "middle" worlds, hence its value is largely defensive. For all practical purposes the weapon of ruthless force does not exist, nor is there any will to develop it. The big gun in the Western locker is clearly labeled "economic power". This instrument too has undergone radical re-appraisal, coordination and improvement in recent years though its application to date has also been limited to essential defensive holding operations excepting a single significant, though experimental, offensive foray. (The U.S. export control program instituted, March, 1948.)

The success of the Western world's "politics", i.e., short- and long-range battle plan, are considered to be similarly dependent on (a) accuracy in the determination and estimation of enemy strength, and (b) its knowledge of the "effective" fire power contained in its own arsenal. The limitation of weapon types outlined above makes "economic power" even more a fundamental and determining factor. The gap between the actual and potential force of this Western weapon is today extremely wide. It is the problem of steadily narrowing this gap, of increasing the "effective" economic power of the Western world plus the problem of improving the accuracy of our estimates of this sector of Soviet force which are examined in this paper.

The foundation studies on which this paper is based draw conclusions as to the serious vulnerability of the Soviet Union and its satellite world to the application of an increasingly tightened and improved trade restriction program. It is important to note at this point that such conclusions are not those of a narrow group within this Embassy alone but are shared by every qualified observer of the free powers represented in Moscow at the present time.

Let us, however, reject such an estimate in its entirety and, for the benefit of those who prefer a gloomier view, examine the question of an alternate to intelligent deployment of our economic power in trade with Soviet and satellite areas. Assume then for the moment that the policy of promoting expansion of free trade was tomorrow applied to the Soviet-dominated world and that its initial result was an expanded market for Western capital and products plus perhaps even an engaging grin from the obliging bear. Do we have a qualified student of the subject available to support the thesis that the Western



nations would be in a healthier position vis-à-vis the totalitarian world, let us say, ten years from today?

For all practical purposes no alternative exists and elemental wisdom dictates that priority importance and emphasis be accorded the further development on U.S. Government initiative of a coordinated Western world long-range policy of increasingly restricted trade with the Soviet areas along lines best calculated to achieve long-range Western economic and over-all strategic objectives.

Embassy recommendations concerning a course of action for the immediate future based on the objectives outlined above are therefore summarized below and further developed in the body of this paper.

*a.* A thoroughgoing analysis should be undertaken of the missions of the various U.S. government agencies engaged in the gathering and evaluation of information on Soviet-dominated areas with priority accorded the necessary regroupings and reallocations to achieve the maximum collection and evaluation of information enabling specific determination of the probable extent of the most critical Soviet and Soviet-satellite industrial, technological, material and scientific shortages and shortcomings.

*b.* U.S. should take initiative leading to the maximum strengthening of the free world's organization and application of its economic power on a basis comparable to that of the monopoly power wielded by the Soviet Union. A suggested first step is the formation of a trade committee within OEEC which could coordinate and shepherd the acquisition of important essential items from Eastern Europe on the basis of exchange of similarly "essential" commodities originating in the West European nations. Working with guarantees of U.S. support the objectives of maximized bargaining power would be sought. Clarification of U.S. trade policy—through reservation of the "free trade" principle to the free world would have a beneficial effect.

Assuming the attainment of these immediate objectives, we should then be in a position to apply the full effective force of Western economic power to the Communistic countries.

[Here follows an elaboration of the points made in lettered paragraphs "a" and "b" above, covering nearly five single-spaced, type-written pages in the source text.]

*Some Concluding Remarks.*—There is little need for this paper to introduce once more the question of U.S. economic health and that of the rest of the imperialist camp countries as a vital factor in the calculations of the Soviet rulers. It is virtually certain that in addition to attainment of their cherished dream—disrupted Western unity—the Soviets have pulled in their economic irons over the past half year to watch the course of the U.S. disinflation process with logical anticipation of more complete access and easier terms in concluding their equipment purchases abroad. While their planned economic goals are internally adjustable for a considerable period—



the waiting is not without cost nor will her requirements for outside essentials become less pressing over time.

As regards measures adopted in the West looking towards further economic recovery and stabilization, the necessity for an advance careful calculation of the incidence and impact of these various measures on the Soviet economic world cannot be overstressed. The Soviet Union being outside the International Wheat Agreement, for example, permits her all of its advantages (support of the world market price) but with none of the obligations. If one remembers the effect of the sharp decline in grain prices in the early 30's on this heavy grain exporter in its frantic efforts to secure its minimum machinery requirements abroad—its relatively rosy prospects today thanks to the capitalist-imperialist agreement is lucidly clear. Every effort consequently should be exerted by these same capitalist-imperialists to deny the Soviet opportunists the advantage of reaping profits from their neighbors' work by means of cooperative special arrangements and coordinated action.

The best means of denying the Western world's industrial secrets, technological and scientific advances to the "novo-Japanese" is a complex problem adequately developed in Enc. 1 to despatch no. 558.<sup>6</sup> Possibly such tasty new dishes, however, as the "continuous casting steel", oil-shale petroleum and other major new U.S. technological processes are worthy of special protection in light of the effectiveness of the Soviet industrial intelligence program and the naivete of the average American. Such developments as the above can be expected to become very juicy bones in the eyes of a really hungry hound as the period of the US-USSR economic divorce lengthens.

The avidity of Soviet intelligence operations themselves and the devouring of Western technical journals in the Soviet land suggest the possibility of rather fruitful underhanded planting by a future really effective technical-economic intelligence organization. In line with the same tactic as recent licensing of impractically designed drilling equipment, certain theoretically plausible though actually impractical ideas, blueprints and processes might also in the future be granted an export license for shipment to the Soviet Union.

One cannot contemplate with equanimity the ultimate results of continued economic assistance to the Russian-dominated Communist countries, even though we may profit on a short-term basis. They are too deeply committed to the ultimate victory of Communism for us to expect that "good will" would be included among the commodities which we might receive for any help in solving their many problems.

Happily, the horizons of the Western world are broad on the economic front—the task relatively clear, i.e., proceed to the doing

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<sup>6</sup> Not printed.

now, of a job that must necessarily be accomplished sooner or later in the future. The time element could be of vital importance, however—now we are in pursuit of victory, later the pursuit may be for means of survival.

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640.6031/10-1349 : Telegram

*The Chargé in Belgium (Millard) to the Secretary of State*

SECRET

BRUSSELS, October 13, 1949—noon.

1367. At luncheon for Assistant Secretary Allen <sup>1</sup> October 10 Baron de Gruben SYG of Foreign Office <sup>2</sup> expressed himself in terms of unusual vehemence to chief of Embassy Political Section with regard to ECA relations in general and current negotiations on east-west trade in particular.

On latter question De Gruben stressed four points:

(1) Belgian Government accepts in principle US view on necessity for control of east-west trade to prevent certain materials and products entering USSR or area within its control. However, fact must be squarely faced that word "control" is a euphemism and that what US actually seeks other governments to agree to—is to prohibit certain lines of trade with USSR and satellites. This said De Gruben amounts to form of economic blockade. It is grave issue, and one which must be settled by governments and at highest level. De Gruben said plainly that he felt these matters should not be discussed by ECA experts either American or foreign in technical detail without questions of principle first having been agreed upon by governments.

(2) Belgian Government while accepting principle enunciated above could not promise to embargo certain products to USSR unless it was absolutely certain that all other OEEC participants and US applied an equally rigorous embargo. He said former ECA Minister here <sup>3</sup> had strongly implied that Belgium was holding out alone of all OEEC governments in not giving its word not to send products on A and B lists to Soviet Union, but that this criticism ignored fact that certain other governments which had been glib in giving promises were not carrying out those engagements in practice. De Gruben said that without mentioning names he could cite specific case of Soviet orders for tankers which Belgians had declined to bid on but which an unnamed OEEC country was in fact building for USSR. In other words there should be 100 percent compliance by western states with any agreement for control of east-west trade.

(3) Next Belgian requirement dealt with nomenclature. Not only were there numerous and conflicting lists of exports to be banned but also in case of Belgium because of its wide tariff specifications, it was exceptionally difficult to place export controls into effect on one product without at the same time banning export of other products

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<sup>1</sup> George V. Allen, Assistant Secretary of State for Public Affairs. On October 27, President Truman appointed Allen Ambassador to Yugoslavia.

<sup>2</sup> Baron Hervé de Gruben, Secretary General of the Belgian Foreign Ministry.

<sup>3</sup> Presumably the reference here is to James G. Blaine, the former Chief of the ECA Mission in Belgium.



which were not on our A or B lists. For example, in single category of electrical machinery, while seeking to forbid export of Belgian equipment which might be of strategic value to Russians at same time innocent items such as electric irons or adding machines might be prohibited.

(4) Finally, and De Gruben stressed this with great emphasis, he thought there should be a full-time committee made up of OEEC countries plus US which would place agreements for control of east-west trade and would afford a forum where complaints could be voiced. When asked if such mechanism not attract undue attention, De Gruben said that it could be informal and could be under OEEC guise but that it was imperative that US participate.

Since De Gruben is diplomat of old school reticence such vigor in his remarks reveals very definite depth of feeling in Belgian Foreign Office on this question. De Gruben said significantly that he had not had an opportunity fully to brief Van Zeeland before latter's talk with Secretary on east-west trade<sup>4</sup> but that Foreign Minister had now been brought entirely up to date on ECA matters.

Embassy officer, having in mind Paris telegram Repto 6590, September 28 (repeated Brussels Repto 384<sup>5</sup> and Deptel 1180, October 7, repeated Paris 3834<sup>5</sup>), said he was glad to reassure Foreign Office that ECA in Paris and Washington, as well as Department welcomed high level diplomatic exchanges on these problems and that he would find in Embassy and local ECA mission fullest cooperation to arrive at a meeting of the minds.

Following are ECA comments :

"De Gruben's position not new to this mission. He was opposed to Belgian participation east-west trade controls program throughout September conversations with Van Zeeland this subject. Concerning four specific points, following should be noted :

(1) Concerning desirability agreement by governments, see Kenney letter September 28 to Harriman<sup>6</sup> re discussions by ECA experts. Belgian Government asked for discussions with US technical experts as necessary preliminary to implementing agreement reached September to control items in Anglo-French list.

(2) In first September conversation De Gruben asked frequently what other countries were doing this regard and in subsequent conversations full information was furnished what action agreed to by other countries, whereupon it stood out quite clearly that Belgium was only important participating country which had taken no action.

(3) ECA technical expert began discussions with Belgian experts yesterday to clarify questions of nomenclature and procedure.

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<sup>4</sup> See the draft memorandum of conversation, September 16, p. 139.

<sup>5</sup> Not printed.

<sup>6</sup> The letter under reference here has not been further identified. W. John Kenney was Chief of the ECA Mission in the United Kingdom from July 1949.



(4) This confirms recommendation in Kenney letter above referred to that whole operation can best be handled on high-level multilateral basis." (*End of ECA comment.*)

From Embassy standpoint we feel that this problem can be negotiated out. We are convinced that if ECA will agree to multilateral approach and to some form of committee mechanism such as suggested by De Gruben other objections would rapidly be ironed out. It would be helpful therefore to have an immediate insuration [*instruction?*] of ECA policy on this point.<sup>7</sup>

Sent Department 1367, repeated Paris 235 for Harriman.

MILLARD

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<sup>7</sup>Telegram 1256, October 28, to Brussels, not printed, replied that the Department of State was confident that Embassy and ECA Mission efforts would substantially improve the Belgian attitude on trade controls and was anxious that a full, clear exposition of American views be made to the Belgian Government prior to the November 14 meeting in Paris of Western European representatives. The Department of State and the Economic Cooperation Administration continued to feel that a multilateral approach to trade control problems was desirable as long as it resulted in increased effectiveness in controls (640.6031/10-1349).

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ECA Telegram Files, Lot W-130, Paris Repto: Telegram

*The Special Representative in Europe for the Economic Cooperation Administration (Harriman) to the Administrator of the Economic Cooperation Administration (Hoffman)*

SECRET

PARIS, October 15, 1949—6 p. m.

Subject: East-west trade

Repto 6884. Re Washington Repto 6445, Repto 6590, and Repto 6847.<sup>1</sup>

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<sup>1</sup>None of the messages under reference here is printed. Telegram Repto 6645, October 1, from Paris, not printed, reported on a meeting held in Paris on September 29 of the delegates to the Organization for European Economic Cooperation from France, the United Kingdom, Belgium, Luxembourg, the Netherlands, Italy, Switzerland, and Sweden. The delegates agreed to the convening of a meeting in Paris on October 12 of experts (subsequently called the Consultative Group) to review in detail those export items currently controlled by the countries represented and to seek agreement on a common list of commodities to be controlled by each country (ECA Telegram Files, Lot W-130, Paris Repto). Telegram 6847, October 13, from Paris, not printed, reported upon the early phases of the Paris meetings on East-West trade. French, British, Belgian, Dutch, and Italian representatives participated in the meetings, and Switzerland sent an observer. At the insistence of the British and Dutch, the United States also was invited to participate. Hervé Alphand, the Director of the Office of Economic, Financial, and Technical Affairs of the French Foreign Ministry served as chairman. At an introductory session, general statements were made by the various representatives. At a subsequent technical meeting, a new Anglo-French export control list (see footnote 2, below) was introduced. A final plenary meeting was scheduled (ECA Telegram Files, Lot W-130, Paris Repto).

Sweden was not represented at these October meetings. Telegram 3858, September 19, from Paris, not printed, had earlier reported that a French Foreign Ministry official had confirmed the recent receipt of a Swedish note formally declining participation in East-West trade controls on the grounds of the traditional Swedish policy of neutrality and independence (640.6031/9-1949).

1. Final plenary meeting referred to Repto 6847 held evening October 14. Alphand, chairman, presented report committee of experts who had reviewed on basis new Anglo-French list (a) controls actually in force in each country, (b) definitions of items. Copies report committee of experts and new Anglo-French list with our analysis being airpouched.<sup>2</sup> Our preliminary estimate reveals that, not including electronic items still under consideration, Anglo-French list now approximately 48 items short of US 1-A list. If French agree embargo items, which they now agree to control quantitatively because of trade agreement commitments, shortfall would be reduced to 35 items. British report French ideas re electronics items under discussion are promising.

2. Following points arose this meeting:

a. British proposed another meeting experts in month's time when governments would be prepared make statement of items they would be prepared control after study of Anglo-French list. Differences of opinion would then be mutually discussed. British suggested that future trade agreements should avoid inclusion items on Anglo-French list and countries should examine present trade agreements to see if Anglo-French items could be prohibited for export. British also suggested memorandum be prepared by each government on problem transshipment and re-export.

b. Italians re-emphasized their controls more extensive and in operation longer than those any other European country present and pressed for early discussion and adoption common list. Italians also raised question what areas are included in "Soviet orbit", specifically referring to Soviet Zone-Austria, Finland and Yugoslavia.

c. Belgian representative repeated he had no authority commit government and did not believe present trade agreements should be violated in letter or spirit. He pressed for more time before start meeting to enable his government take matter under consideration.

d. Dutch representative informed his country had licensing procedure covering all exports but not prepared agree any list at this time. Pointed out that Philips Company privately using US 1-A list as guide for screening electronics exports to Soviet orbit. (British delegate suggested that Netherlands Government should take "more positive responsibility" for Philips exports.) Dutch representative insisted that present trade agreements be respected and also pressed for more time before next meeting of committee. He stated he could not commit his government to a date.

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<sup>2</sup> Translated copies of the report and the new Anglo-French list under reference here were transmitted to the Department of State as enclosures to despatch 914, October 18, from Paris, none printed. The despatch pointed out that the new list contained a number of items in addition to those included in the original Anglo-French list of February (640.6031/10-1849). Regarding that earlier list, see footnote 3 to telegram 496, February 5, from Paris, p. 78. Telegrams Repto 6962 and Repto 6963, October 21, from Paris, neither printed, presented detailed analyses of the new Anglo-French list. Based upon the list it appeared that, exclusive of precision instruments and electronics, approximately 25 American 1-A items were not currently in any form on a British embargo list and approximately 45 1-A items did not come under French embargo control (ECA Telegram Files, Lot W-130, Paris Repto).



e. French chairman proposed another meeting in a month. He defined France's understanding of "countries in Soviet orbit" which roughly parallels US policy. He suggested pooling of information on individual countries exports to Finland and Yugoslavia. He raised matter of expanding meeting to include Germany, Swiss and Scandinavian countries.

f. US delegate expressed hope that Anglo-French list would not be considered maximum level of parallel action and agreed with French that other countries should be included in further meetings. We also pressed for further consideration of questions of transshipments, exports under present trade agreements, and possibly some sort permanent mutual consultative group to deal with questions arising from exports to Finland, Yugoslavia, etc.

g. Meeting agreed adopt French proposal to: (1) Request individual governments submit memorandum by November 7 on Anglo-French list items accepted for control and government's position on those items not accepted; transshipment and re-export problem; present and future policy on implementation of present and future trade agreements; (2) hold another meeting of heads of delegations and experts November 14 in Paris to discuss memorandum and make further recommendations.

h. Question controls in West Germany not specifically discussed although French and other representatives privately indicated that he viewed status of security controls there with great concern.

After reiteration vital necessity to keep news of meeting secret, meeting adjourned in rather uninspired atmosphere.

In private conversations later, Swiss made point of telling us he thought his government was exercising controls in highly satisfactory manner but could not of course concert its actions with others. Belgians asked why east-west controls were handled by ECA instead of on top diplomatic level or under security arrangement of Atlantic Pact. Alphand stated his opinion US, UK, France would have exert greater effort secure parallel action and recommended handling within NAT.<sup>3</sup> Italians emphasized increasing pressure to relax their present controls, particularly from industrialists. We indicated to Italians our disappointment at meeting and need for some countries to take courageous stand ahead of others to break vicious circle of each waiting for others to agree before taking comprehensive steps themselves.

3. Consensus of all US representatives present that, despite UK and French apparent earnestness, results meeting disappointing, amount-

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<sup>3</sup> Telegram 4349, October 18, from Paris, not printed, reported on a private talk with Alphand after the meetings described here:

"(a) French were fully aware present approach through OEEC Representatives in Paris not successful, clear demonstration this situation was an objective of French sponsorship of current meetings.

"(b) French pointed out that overall situation which prevailed during previous 15 months of negotiation had been changed by signature NAT and MAP and stated that 'future action up to US.' Alphand stressed need for most cautious handling if military considerations were to be invoked, and interjected thought that French would like to keep leadership in dealing with continental countries." (640.6031/10-1849).



ing to little more than formalization of inadequate Anglo-French list without obtaining any immediate action by Belgium or Netherlands and with probable result that Italians may eventually backslide. We will send shortly recommendations on further course of action.

Sent Washington Repto 6884; repeated London Repto 908, Brussels Repto 415, The Hague Repto 472, Rome Repto 884; pouched Paris Repto 189.

HARRIMAN

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740.00119 Control (Germany)/10-1749: Telegram

*The United States High Commissioner for Germany (McCloy)<sup>1</sup> to the Secretary of State*

SECRET

FRANKFURT, October 17, 1949—7 p. m.

3206. For SecState pass ECA and Commerce. Re German export controls. Conversation with Reinstein<sup>2</sup> indicates need of further explanation of present situation here and of our attitude. Last cable received from you this subject is your 2002, October 7.<sup>3</sup> We will keep you informed further developments in detail. Please spell out points on which you need more information.

1. Method of approach to German Government.

We earlier favored using MG regulation to retain security screening control in Allied hands because

(a) We did not feel that regulation as drafted contravened Jessup-Malik agreement;<sup>4</sup> and

(b) We felt that such reserved powers as were to be exercised by Allies should be exercised openly and with public documentation, rather than by "confidential" methods which were certain to become more or less public. Given present situation and regulation one (law 53 revised) as it stands, we do not feel that we can allow entire basis for our supervision of certain exports to rest only on informal conversations as British now proposed. Germans would likely object, and rightly, to reorganizing much of their export licensing procedure in accordance with verbal request alone. We would have no adequate

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<sup>1</sup> On September 21, 1949, the Federal Republic of Germany was established, and military government in the United States, British, and French zones of occupation of Western Germany was replaced by the Allied High Commission for Germany, with powers limited and defined by an Occupation Statute. John J. McCloy was the United States High Commissioner. For documentation on the establishment of the Federal Republic of Germany and of the Allied High Commission, see vol. III, pp. 187 ff.

<sup>2</sup> Jacques J. Reinstein, Acting Chief of the Division of German Economic Affairs.

<sup>3</sup> Not printed.

<sup>4</sup> During the spring of 1949 Ambassador at Large Philip C. Jessup and Soviet Deputy Foreign Minister Yakov Aleksandrovich Malik held a series of conversations at the United Nations in New York which eventuated in the Four-Power Agreement of May 4, 1949 on the lifting of the Berlin Blockade. One of the provisions of the agreement was reciprocal and simultaneous lifting of restrictions imposed by the Soviet Union and the Three Western Powers on communications, transportation, and trade between East and West Germany. For documentation on the Jessup-Malik conversations, see vol. III, pp. 694 ff.

basis for complaints to government about individual or governmental shortcomings or connivances and also no continuity in case of change of government or chief personnel. Consequently, we favor as formal an approach to Germans as is now practical.<sup>5</sup>

## 2. Tripartite or unilateral approach to German Government.

We favor a tripartite approach to government because

(a) The restrictive export policy now, whatever its origin, is a western European policy as well as a US policy, and as such is not based only on 117 (d) of ECA act as British here claim;

(b) Since US economic policy in Europe favors common approach to European problems and a rapid integration of Germany into Western Europe, it is desirable for Germany to organize its export controls in coordination with other European countries, such as UK and France (and perhaps later other PC's), rather than to have the US forced (as heretofore) to approach each nation separately;

(c) With a tripartite organization once set up we do not fear any sabotage of US goals since personnel would be solely or largely US.

## 3. Attitude of British.

British here state they do not oppose maintaining controls of security items to satellites (although they do oppose any controls over exports to OEEC countries; see paragraph six). They have been and remain opposed to establishing new control procedures, now necessary because of creation of German Government, through any means other than informal discussions with government, because of the Jessup-Malik agreement. Presumably they would agree to issuing formal instructions for foreign trade, and verbal suggestions for interzonal trade, but we have never pressed this point, since such a solution would be almost as unacceptable to US, and because of possible British compromise position outlined mytel 3011.<sup>6</sup> We realize from your cables and from Reinstein that British Embassy Washington appears in agreement with you, but as stated mytel 3011, this agreement has not been reflected here.

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<sup>5</sup> Telegram 2160, October 15, to Frankfurt, not printed, expressed the full support of the Department of State and the Economic Cooperation Administration for High Commissioner McCloy's position that an oral understanding with the West German Government regarding export controls would be unsatisfactory and that written instructions from the Allied High Commission would be necessary. It also reported that the British Embassy in Washington strongly supported the position and the British Foreign Office was in essential agreement (840.50 Recovery/10-1549).

<sup>6</sup> Not printed. It reported that a draft letter on instruction to the West German Government regarding the imposition of security controls on exports to Communist-dominated states in Eastern Europe had been informally discussed with French representatives, who tended to agree, and with British representatives, who were generally agreeable to the substance of the draft letter but not the form of its transmission (840.50 Recovery/10-1249). The draft letter, the text of which was sent to Washington in telegram Toeca 976, October 12, from Frankfurt, not printed, outlined a program of export security controls in line with that of the United States, suggested governmental procedures to bring about implementation of the program, and enclosed American export control lists 1-A and 1-B.



#### 4. Attitude of French.

French appear agreeable our position and draft letter (Toeca 976 <sup>7</sup>), but reversed their position after originally agreeing to our strong draft military government regulation, so presumably can do so again.

#### 5. Splitting AEC list.<sup>8</sup>

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#### 6. Transshipment countries.

We realize difficulty in differentiating between OEEC countries. In choosing countries mentioned numbered paragraph two of draft letter (Toeca 976) we listed those most frequently considered in past to be transshipment areas. This list, not public, could be easily modified at any time as circumstances demanded. Series of cables ending with Berlin's 690 to Department, May 11,<sup>9</sup> indicate to us necessity of controlling Germany 1-A shipments originating in Germany, at least to Switzerland and Austria despite statements economic adviser quoted that series. British on October 14 indicated their unwillingness accept this method of handling transshipments because it constitutes a control not exercised in UK and France. We strongly desire no compromise on this point and feel that to fail to control transshipment means to fail to control exports. It is our opinion, however, that while we may properly be called on to check exports to Switzerland and Austria because of peculiarities in those countries, that some method of controlling such transshipments from other PC's also should be inaugurated, and that Germany alone should not be expected to do this. Transshipments of German goods through other western European countries such as Belgium or Italy; should be controlled if possible through those countries; and from Germany only if that is not possible. OSR comments on this would be appreciated. Department realizes that if British will not agree on control of transshipments, establishment of full controls over interzonal trade may be delayed if Department suggests, we could attempt to get British agreement on approach to government on interzonal trade alone (as soon as method of communication has been worked out) so as not to delay entire schedule.

#### 7. Berlin.

We are discussing extremely complicated Berlin problem with Berlin element and hope to have separate cable this subject soon. We feel that we need not only controls over exports from Berlin to foreign countries, but also control's over shipment from western Germany to

<sup>7</sup> See the preceding footnote.

<sup>8</sup> Materials on the control of the export of commodities involved in atomic energy technology; for documentation on atomic energy policy, see vol. I, pp. 7 ff.

<sup>9</sup> Not printed.



western Berlin: and direct or indirect controls over critical items manufactured in Berlin.<sup>10</sup>

#### 8. Supervisory powers.

Under control system we envisage: our supervisory powers could only be exercised through (a) close supervision of central German approving agency; (b) frequent border spot checks; or (c) in bringing to attention of German Government promptly and with sufficient force any illicit 1-A shipments that come to our attention: and in pushing Germans to conduct proper investigation and prosecution. Alternative (a) alone is insufficient: because of large number of decentralized licensing agencies; alternative (b) is impossible because of personnel situation, although every effort will have to be made to have Germans strengthen their customs service. We feel that alternative (c) coupled with close liaison with German central agency is our best solution. We must recognize that in last analysis, given our basic policy toward new German Government, effectiveness of controls is dependent upon cooperation of German Government in licensing and border control fields, as well as the general efficiency of the government in these fields. However, draft letter to Germans is being amended to include request that combined list be forwarded to customs authorities for enforcement purposes.

#### 9. Staffing problem.

Final size and location (in Office Economic Affairs) of US staff to handle problem not yet decided. Feeling now is that three US personnel plus US stenographer plus approximately same number German help (for unclassified filing) can probably handle export applications resulting from draft letter (mytel Toeca 976) and can work closely with German Government in setting up German organization. This staff would probably continue to operate for indefinite period (six months or longer) until efficiency and trustworthiness of German Government well established.

#### 10. Departmental approach to British.

In line with paragraph three and six above: Since satisfactory agreement with British not yet reached, your approaching British Embassy would be appreciated, provided British position here is made extremely clear to Embassy. They have consistently opposed any method of approach to the Germans except through informal conversation, and so far as we know, the sole reason for this opposition is the fear of contravention of the Jessup-Malik agreement. This has been

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<sup>10</sup> In telegram 2160, October 15, to Frankfurt, not printed, the Department of State and ECA suggested that the Allied Kommandatura for Berlin initiate an immediate survey and make recommendations on the question of exports from Berlin to Soviet controlled areas. The Department and ECA did not believe it would be politically advisable to include Berlin under the same regulations dealing with exports to Eastern Europe and the USSR, but they saw no objection to a special system which restricted entry of security-controlled items to quantities needed for West Berlin's requirements.

in spite of Robertson's verbal assurance of cooperation in maintaining controls. In approaching Embassy, British attitude over controls to Switzerland mentioned paragraph six is a problem fully as important as method of approaching Germans.

11. 1-B shipments.

Our suggested handling of 1-B shipments (Toeca 976) gives Germans insufficient guidance in determining quantities of 1-B commodities which may be authorized, but we have no other solution than to refer each application to OSR or to Department which we wish to avoid for administrative reasons. Would appreciate your comments.

12. Please advise if you desire telecon for further clarification.<sup>11</sup>

Sent Department 3206, repeated OSR Paris 929, London 212, Bern 81, Vienna 60.

McCLOY

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<sup>11</sup> Telegram 2282, October 21, to Frankfurt, not printed, indicated the general concurrence of the Department of State and ECA to the points made in this telegram. An outline of steps to be taken in transferring administrative responsibility for the control of exports from the Allied High Commission to the West German Government was suggested (740.00119 Control (Germany)/10-1749).

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*Current Economic Developments*, Lot 70 D 467

*Current Economic Developments*

[Extract]

No. 224

[WASHINGTON,] October 17, 1949.

INTERNATIONAL BANK MAKES TIMBER LOANS TO YUGOSLAVIA AND  
FINLAND

The International Bank [for Reconstruction and Development] has extended loans totalling \$5 million to Yugoslavia and Finland to finance the purchase of timber-producing equipment for the development of the timber resources of these countries. Of this total, Yugoslavia is to receive \$2.7 million, and Finland \$2.3 million. These loans are part of the timber equipment project developed early in 1948 by the Food and Agriculture Organization, the Timber Committee of the Economic Commission for Europe and the Bank to alleviate the current and prospective shortage of timber in Europe by expanding production in certain timber-exporting countries and to encourage the cooperative development of east-west trade.

Under this project, the Bank makes loans to timber exporting countries of amounts necessary to finance the dollar purchases of equipment, while European sources supply an approximately equal amount of other timber-producing equipment without financial assistance from the Bank. It is estimated that the machinery to be obtained in this

connection will enable these countries to increase their annual production and export of timber by many times the amount of the loans. The timber-importing countries of Europe will benefit from the increased availability of European timber supplies which will reduce their dependence on imports of timber from North America, which must be paid for in dollars.

*Timber Payments Agreements* The timber equipment project provides that the principal timber-importing countries of Europe enter into payments agreements with the timber exporters whereby the former pay dollars to the Bank for a sufficient part of the timber they import to ensure repayment of the Bank's loans. In its loan agreement with the Bank, Yugoslavia undertakes to enter into such agreements with the UK, the Netherlands, France and Italy, while the latter have already agreed to pay in dollars for \$1.7 million, \$400,000, \$200,000 and \$400,000 worth of Yugoslav timber respectively. Such agreements were not required by the Bank in the case of Finland because of possible conflicts with provisions of outstanding Finnish security issues. However, the Finns have notified the Bank of their intention to enter into agreements with Belgium, Denmark and the UK. Belgium has already indicated its willingness to pay in dollars for \$450,000 worth of Finnish timber, Denmark for \$450,000 and the UK for \$1.4 million.

*Other Exporting Countries in the Project* The timber exporting countries originally included in the project were, in addition to Yugoslavia and Finland, Czechoslovakia, Austria and Poland. Of these, Czechoslovakia is still negotiating with the Bank for a similar loan and Austria has indicated a desire to participate but has not yet started negotiations with the Bank. Poland, on the other hand, has advised the Bank that it could satisfy its timber equipment needs without Bank financing and therefore would not apply for a loan.

*Loan Terms* The loans to Yugoslavia and Finland are for terms of two years, maturing on September 30, 1951. They carry a 2% interest charge, a 1% charge for the Bank's special reserve fund, and the Bank's usual commitment charge of 1.5% on the undisbursed part of the loans.

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640.6031/10-3149 : Telegram

*The Ambassador in France (Bruce) to the Secretary of State*

SECRET

PARIS, October 21, 1949—6 p. m.

4401. Pass ECA.

1. In informal conversation with Foreign Office officials, Embassy representative took occasion to express hope that French would continue withhold tankers from Soviets in future trade negotiations



(Deptel 4005, October 18<sup>1</sup>). French replied to the effect that this would be pointless since Holland was now working on orders for nine ships and Denmark had orders for some 20. Moreover, neither Britain nor Norway had embargoed tankers (see page 4 to enclosure 1 of Embdes 914, October 18<sup>2</sup>).

2. French also alluded to industrial diamond situation, pointing out that Dutch had refused to take prohibitory measures owing profitability this trade with Soviets. Embassy further informed by private sources that British Government permitting shipment industrial stones to Soviets; that Mr. Lee of Board of Trade had stated that only crushable material could be considered strategic.

3. In accordance Deptel 4005, Embassy making written presentation to Foreign Office re "oil well equipment" supplementing Embassy's previous oral explanation made late September.<sup>3</sup>

BRUCE

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<sup>1</sup> In telegram 3617, September 26, to Paris, not printed, the Department of State and ECA informed Ambassador Harriman that the recent licensing of rock drilling equipment and oil drilling rigs of an impractical Russian design did not represent any modification of American trade control policy (661.119/9-2649). This information was also given to the French Embassy in Washington. Telegram 4349, October 18, from Paris, not printed, stated that Alphand was highly critical of the American export of oil drilling equipment to the Soviet Union, was not satisfied with the American explanation of that export, and indicated that the French would go forward with the sale of tankers to the Soviet Union (640.6031/10-1849). Telegram 4005, October 19, to Paris, not printed, under reference here, instructed the Embassy to reiterate carefully to Alphand the facts concerning the licensing of American-made oil drilling equipment to the Soviet Union and to redouble efforts to persuade France not to sell tankers to the Soviet Union (640.6031/10-1849).

<sup>2</sup> Not printed, but see footnote 2 to telegram Repto 6884, October 15, p. 151.

<sup>3</sup> A copy of the Embassy's letter of October 24 to Alphand was transmitted to the Department as an enclosure to despatch 930, October 24, from Paris, neither printed (661.119/10-2449).

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740.00119 EW/10-1849 : Telegram

*The Secretary of State to the Embassy in Italy*<sup>1</sup>

SECRET

WASHINGTON, October 21, 1949—6 p. m.

2608. Alb now cut off from direct land communication with Sov bloc and Dept considers that Alb shld be prevented from augmenting its war potential in view threat to Greece and to maintenance Yugo strength vis-à-vis Sov bloc.<sup>2</sup> In light special situation in Alb, pursuit of this objective implies prevention shipment of 1A items and restr movement 1B items to Alb whether from points of origin in

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<sup>1</sup> This telegram was repeated to Vienna as 1296, to Paris for Harriman as 4033, and to Trieste as 535. The substance of this telegram was contained in a circular telegram, October 24, 2 a. m., sent to 10 other European missions, not printed (800.00 Summaries/10-2449).

<sup>2</sup> Documentation regarding the Albanian role in the Greek civil war is scheduled for publication in volume VI. For documentation on the attitude of the United States toward the Albanian regime, see pp. 298 ff.

Western Eur, US or Sov bloc countries other than Alb. Since this wld involve restricting transshipment to Alb thru Western Eur 1A and 1B items originating Sov bloc country such as Czecho, it is recognized as going beyond policy generally established on security trade controls which ordinarily wld not attempt restr movement war potential commodities from one portion Sov bloc to another. However, special situation in Alb is believed to justify special effort in Alb case.

Accordingly, Dept and Brit FonOff have requested AMG Trieste prevent further sales 1A items and restr sales 1B items to Alb and prevent as far as possible transit such items to Alb. AMG has refused renew Budo's permission remain Trieste in view unauthorized activities. (Ihsan Budo unofficially stationed Trieste by Alb Govt in Mar 1949 to facilitate movement reparations from Ger to Alb. Dept acquiesced on condition he engage in no undesirable activities, but subsequently learned Budo purchasing ships, other supplies for Alb and arranging movement supplies from Czech to Alb via Trieste.<sup>3</sup>) In view fact Budo now reported to be moving either Venice or Rome (Trieste tels 710 Sep 28 rptd Rome 133 and 761 Oct 18 rptd Rome 139 <sup>4</sup>) and in view objectives outlined above re Alb Dept herewith instructs AmEmbassy Rome to explain foregoing background to Ital Govt for such action as Ital Govt may consider appropriate to prevent movement 1A items and restr movement 1B items to Alb via Italy. In discretion OSR, Paris, govts of such other ERP countries as may have significant commercial relations with Alb may also be informed with request for cooperation. In view importance Aust as transit area for trade between Czech and Alb, AmLeg Vienna shld outline above situation to Aust Govt and request their cooperation to extent practicable in limiting shipment across Aust of 1A and 1B items destined for Alb.

ACHESON

<sup>3</sup> Telegram 536, October 21 to Trieste, repeated to Rome as 2609, not printed, explained that the Department's objective in wishing to have Budo barred from entry into Trieste was to prevent supplies having military potential from reaching Albania (740.00119 EW/10-1849).

<sup>4</sup> Neither printed.

640.6031/10-2249 : Telegram

*The Ambassador in France (Bruce) to the Secretary of State*

SECRET

PARIS, October 22, 1949—9 p. m.

4427. Subject of east-west trade was discussed at the Paris meeting of Ambassadors.<sup>1</sup> The discussion initially considered the broad utility of controls and their effectiveness in slowing down increase in the

<sup>1</sup> A meeting of principal United States Ambassadors in Europe was held in Paris, October 21-22, 1949. The discussions centered on German problems, the question of Western European cooperation in the military, political, and economic fields, and progress and setbacks in the cold war, including the Yugoslav-Cominform controversy and East-West trade. For documentation on the meeting, see vol. iv, pp. 469 ff.



Soviet orbit's war potential. Ambassador Kirk reviewed the substance of Moscow Embassy's despatch 558 of October 1 on this subject.<sup>2</sup> It was generally agreed that present US policy should be reviewed from the quantitative, qualitative and "know-how" aspects, to determine if it would be feasible to obtain greater effectiveness.

Effectiveness of implementation of the present policy was then discussed. It was the consensus that multilateral concerting of action, with the US participating, is necessary if most effective results are to be obtained. It was felt that multilateral concerted action can best be done by the State Department within the context of the mutual security obligations under the North Atlantic Treaty. If this is done Germany and Austria, although not signatories to the treaty, should present no long-term problem because of direct US authority therein. Chances of greater cooperation from Sweden and Switzerland could be expected if the Atlantic Treaty countries presented a combined front.

It was recognized that progress through the treaty organization is, however, likely to take some time. There is to be another meeting on east-west controls, called by the French, on November 14 at which the French, British, Italians, Dutch, Belgians and United States will participate and there is consequently need for positive US action on an urgent basis to prevent continued paring away of agreed lists. Steps might include action by the Department in conjunction with ECA to urge Denmark's attendance at November 14 meeting; to inform all countries who will attend of US hope that meeting will recognize mutual security basis for concerting action and that concrete progress can be made at the meeting; and that the US will be represented by departmental representatives assisted by a technical staff in addition to ECA.

The discussions incident to negotiations of MAP bilaterals should also be used to stress the importance with which the US considers the concerting of effective controls over exports to the east.

Sent Department 4427, repeated Frankfurt 103, London 447, Rome 159. Department pass Moscow 218.

BRUCE

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<sup>2</sup> *Ante*, p. 142.

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640.6031/10-2549 : Telegram

*The Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State*<sup>1</sup>

SECRET

LONDON, October 25, 1949—7 p. m.

4269. From Perkins. East-west trade was discussed at London Ambassador's meeting.<sup>2</sup> Paris Embtel 4427 to Washington<sup>3</sup> considered

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<sup>1</sup> This telegram was sent through the facilities of the Embassy in London.

<sup>2</sup> Regarding the conference of United States chiefs of mission to the Eastern European satellite states, held in London, October 24-26, see pp. 27-38.

<sup>3</sup> *Supra*.



and full concurrence expressed. Meeting felt EW policy and implementation had already had definite effect on satellites and offers major field for further and better effort. Inability of satellites to get industrial items from west to degree wanted has required Soviet to attempt provision. Soviets have in many cases fallen down on deliveries with resultant increase economic strain between Moscow and satellites.

It was felt that fullest appropriate exploitation economic controls should be pressed during present period. Satellite economies are still suffering from war devastation, shortages, and forceful reorientations directed from Moscow. Their dependence on imported capital equipment and industrial raw materials is so great that, when related to Communist promises to the people of economic benefits from Communist rule, there is broad field for effective action provided countries of west can concert. Also pertinent in regard timing is fact that western European governments may be more willing to cooperate at this time than they may be in future when pressures to find markets for European production will have increased. Review of present US policy might even consider civilian industrialization as well as clear war potential industries.

As for long-term policy, meeting agreed as to need for US to make exhaustive study of over-all problem, giving consideration to necessity for west Europe to exchange its heavy industry products for raw materials somewhere; possibility of positive action by west to develop alternate sources of supply of items, such as food, timber, etc., essential to Europe and now obtained from east; and other basic elements. If cold war is protracted, west Europe should endeavor reach condition where it is not dependent on east for certain vital imports but in fact east becomes increasingly dependent on west.

Use of economic pressures to further western policy should always be flexible both as to countries and as to time.

Sent Department 4269 repeated Paris 813 for Bruce and Harriman.  
[PERKINS]

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840.50 Recovery/10-2149: Telegram

*The Secretary of State to the Embassy in the Netherlands*<sup>1</sup>

SECRET

WASHINGTON, October 28, 1949—2 p. m.

952. Pass ECA. Urtel 983, Oct 21.<sup>2</sup> On basis ECA Mission reports

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<sup>1</sup> Repeated to Paris as telegram 4104.

<sup>2</sup> Not printed. It reported the view of the Embassy, following consultations with the ECA Mission in the Netherlands, that Netherlands authorities were not behind those of other Western European countries in exercising controls over East-West trade. The Embassy did not believe that diplomatic representations to the Netherlands Foreign Ministry for more effective trade controls would be warranted (840.50 Recovery/10-2149). In a more detailed report transmitted to the Department of State as despatch 447, October 21, from The Hague, not printed, the Embassy reported that the Netherlands Government was embargo-

to date, ECA & Dept are of impression Neth and Belg Govts are making little effort cooperate on trade controls, and are taking refuge in least common denominator concept. Dept awaits Emb air pouch report with interest, but urges continued efforts impress firmly upon Neth Govt importance US attaches effective prompt embargo 1A items, regardless of what other countries do. Important these views be made unmistakably clear before Nov 14 Paris mtg, so that US position at mtg will be supported by effective advance work by ECA & Emb. For your info Ital has maintained effective embargo entire 1A list for at least a year, and has cooperated most fully with US. Brit and Fr controls are more comprehensive than Neth, as are those of Den and Nor. Dept considers success parallel action effort to substantial extent hinges now on securing Neth-Belg cooperation.

Suggest Emb Paris rpt Embtel 4427, Oct. 22<sup>3</sup> to The Hague.

ACHESON

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ing all but 10 items on the British export control list of April. Dutch controls over transit trade were believed to be more effective than those of other Western European countries. The Embassy also reported that the Netherlands Government had suggested the establishment of a consultative group of experts representing all the NATO countries including the United States which would establish export control lists based upon the American 1-A and 1-B lists and which would organize and coordinate the necessary controls. Operations of such a consultative group would be multilateral and decisions would be based upon majority votes (640.6031/10-2149). In his telegram Repto 7239, November 4, from Paris, not printed, Ambassador Harriman expressed his hearty support for the Dutch proposal, but he warned that the suggestion for majority decisions was premature (ECA Telegram Files, Lot W-130, Paris Repto).

<sup>3</sup> *Ante*, p. 160.

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ECA Telegram Files, Lot W-130, Paris Repto : Telegram

*The Special Representative in Europe for the Economic Cooperation Administration (Harriman) to the Administrator of the Economic Cooperation Administration (Hoffman)*

SECRET

PARIS, October 28, 1949—6 p. m.

Repto 7101. Reference Embtels Paris 4427<sup>1</sup> and London 813 repeated Department 4269.<sup>2</sup>

1. Believe it most important that determination broad policy as to multilateral approach suggested in reference telegrams be made in near future. Organizational responsibilities for implementation may, of course, be worked out later. Considering commencement operations of national organization; initiation negotiations on MAP bilaterals; and forthcoming November 14 Paris E-W trade meeting, seem to make the present the most opportune time to commence multilateral approach based on mutual security. If this opportunity not grasped

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<sup>1</sup> *Ante*, p. 160.

<sup>2</sup> *Ante*, p. 161.



and November 14 meeting results in lowering rather than increasing area of agreement, future action may become more difficult.

2. Believe first important step should be to maximize effectiveness of November 14 meeting and accordingly suggest ECA-W take up with State following proposals:

(a) Paris Embassy undertake to persuade French to stress at meeting the increased importance of the mutual security aspects of East-West controls in light basic national philosophy.

(b) US diplomatic missions in UK and France in conjunction with ECA Missions, advise Foreign Offices soonest of our proposed actions re November 14 meeting. Missions and ECA in Belgium, Netherlands and Denmark express to respective governments our hope that their approach to the problems to be discussed at meeting will give appropriate recognition to the mutual security interests in concerning East-West controls, that US will be represented at meeting by State Department as well as ECA and that we hope meeting will be able to make substantive progress. Missions and/or ECA in Italy and Norway might merely inform government of intensified effort by US to make forthcoming meeting successful. Any conversations with Norwegian and Danish Governments should additionally include our hope that they will attend.

(c) US delegation at meeting should include in addition to OSR; a State Department representative, Dupre now here from Defense, and possibly a man from Commerce, in order to impress other participants our intensified interest. Believe present personnel Paris adequate for such technical discussion as may arise. Washington personnel should be kept to minimum for obvious security reasons.

(d) Present agenda November 14 meeting (see Repto 6884, paragraph 2g<sup>3</sup>) aimed principally at obtaining Belgian and Dutch agreement Anglo-French list. Therefore, US representatives should have clear position as to adequacy this list as basis for multilateral concerting of controls. If A-F list not adequate, they should be instructed as to how to approach its expansion.

3. Special programs include Austria, Germany, Switzerland and Sweden. Representation first 2 not considered necessary at November 14 meeting (see Paris 4425, paragraph 2).<sup>4</sup> Latter two countries already invited by French, but in light emphasis on mutual security aspects herein proposed, question of their attendance might be raised with UK and France in conversations suggested 2(b) above.

4. If policy determination mentioned paragraph 1 above can be made in time, suggest for consideration that it would be desirable to have an informal exploratory discussion in National Consultative Group in Washington prior to November 14.

5. In view shortness of time before November 14, appreciate advice soonest.

HARRIMAN

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<sup>3</sup> October 15, p. 150.

<sup>4</sup> October 22; not printed.



501.BD Europe/10-3149 : Telegram

*The Consul in Geneva (Troutman) to the Secretary of State*

CONFIDENTIAL

GENEVA, October 31, 1949—2 p. m.

1222. Noce 626. References: Noce 554, 564, and 598 of May 30, June 21 and August 24, respectively.<sup>1</sup>

1. ECE Trade Committee session failed last May because USSR was unwilling to agree any procedure for exchanging information on which east-west trade negotiations could be based. On August 9, Myrdal gave Arutunian memo in effect requesting Soviet Government to suggest appropriate procedure. At same time, he advised USDeI, he would not reconvene Trade Committee without reasonable assurance of successful session.<sup>2</sup>

2. In private conversation with Myrdal during October 3-6, Agriculture Committee session Soviet delegate reported to have indicated willingness to see practical work in field of east-west trade initiated within ECE. Apparently said they were prepared export a wide range of commodities, including grains, provided assurance given that proceeds of their sales could be used to procure non-military items they desire from western Europe. Soviet delegate claimed his oral statement constituted reply to Myrdal's August 9 memo.

3. In *aide-mémoire* of October 28, presented to USSR Minister in Bern, Myrdal has rejected foregoing oral statement as basis for renewing negotiations. Suggest, however, that expansion east-west trade might be achieved through multilateral negotiations within ECE Trade Committee along following lines:

(a) Relatively long-term purchase agreements by WE for cereals and possibly other supplies from EE frame don lines of international wheat agreements;

(b) Commitment by WE that proceeds of EE sales could be used for purchase of goods on lists to be agreed upon;

(c) Flexible payment provisions including possibility of arrangements whereby export surpluses earned in one country could be used for purchases in another.

4. Myrdal's *aide-mémoire* asks whether this type of approach might lead to useful results and volunteers visit Moscow if further discussion considered desirable. Expresses hope USSR reply will provide basis for executive secretariat formally approaching other governments.<sup>3</sup>

<sup>1</sup> None printed.

<sup>2</sup> See telegram 997, Noce 593, August 25, from Geneva, p. 138.

<sup>3</sup> Telegram 1234, Noce 629, November 3, from Geneva, not printed, reported that Myrdal had sent an *aide-mémoire*, dated November 2, to all members of the Committee on the Development of Trade of the Economic Commission for Europe. The *aide-mémoire* was the same as the one described here, except for the omission of the references to Myrdal's private conversations with Arutyunyan and his August memorandum to Arutyunyan (501.BD Europe/11-349). For the text of the November 2 *aide-mémoire*, see Appendix IV of the Report to the Fifth Session of the Economic Commission for Europe, by the Executive Secretary, UN doc. E/ECE/114, Rev. 1, April 12, 1950.

5. Asher bringing copy Myrdal's *aide-mémoire* to Washington. No immediate US action required. Procedure outlined in paragraph 3 contains nothing basically new. Secretariat seems to feel, however, that USSR may really desire reopen east-west trade discussions in ECE. Cite fact that Arutiunian invited Myrdal's August 9 memo and that USSR Agriculture delegate took initiative of volunteering information in paragraph 2 above. Equally possible in our view that USSR aware that secretariat and all participants blame it for failure of Trade Committee, seeking opportunity to transfer blame rather than promote trade. In other words, may simply want be in position to say at fifth commission session, "we informed Executive Secretariat our interest in expanding east-west trade through ECE, responsibility for failure rests elsewhere." USSR may also be working toward bloc trading arrangements with west.

6. To help evaluate USSR motives, USDel would be interested in (a) recent information concerning so-called non military items USSR delegate may have had in mind, and (b) learning whether EE agricultural situation such that surpluses of grains, feedstuffs, etc., not anticipated last May now available for export.

Sent Department 1222, repeated Paris Torep 378. Department pass Moscow 19.

TROUTMAN

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840.20/11-249 : Telegram

*The Secretary of State to the Embassy in France*<sup>1</sup>

SECRET

WASHINGTON, November 2, 1949—9 p. m.

4202. Pass Harriman. Question of treating export-control in NAT framework raised yesterday with British, French, Canadians, Italians and Norwegians preparatory to intl working group<sup>2</sup> meeting today. Reaction of all except Italians rather cool. British felt handling in NAT framework wld make dealings with Swedes and Swiss more difficult, mentioned possible criticism that Pact whose purely defensive nature had been widely emphasized was being used for economic warfare against particular group of states, belief that Dutch and Belgians were progressing favorably and that nothing shld be done which might prejudice Nov 14 meeting. Canadians and French ignorant of subj and inclined share British fear concerning economic warfare criticism.

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<sup>1</sup> This telegram was repeated to London as 3960, to Rome as 2751, to Brussels as 1286, to The Hague as 974, to Oslo as 519, and to Copenhagen as 528.

<sup>2</sup> The International Working Group of the North Atlantic Treaty Organization was composed of the Assistant Secretary of State for European Affairs as Chairman and the Ambassadors (or their representatives) of the NATO countries in Washington as members. It met frequently to discuss policy aspects of the subordinate organs of NATO and to provide necessary coordination.

French suggested reps at Nov 14 meeting informally impress on Belgians and Dutch common security interest under Pact. Italians said they had already made representations Brussels and Hague.

Working group today were accordingly merely requested invite their respective Govts to consider how this problem of common security interest to all Pact members cld best be handled on as nearly as possible identical lines by all Pact Govts with hope of obtaining similar action by non-Pact Govts and told we wld like further discussion of this subj in working group in near future. All agreed advise their Govts. British suggested further consideration be deferred pending outcome Nov 14 meeting.

Advise Martin.

Sent Paris, repeated London, Rome, Brussels and Hague, Oslo and Copenhagen.

ACHESON

600.119/11-249 : Circular telegram

*The Secretary of State to All Diplomatic Offices*

SECRET

WASHINGTON, November 2, 1949—2 a. m.

From State and Commerce. Commerce announced Oct 31 deletion 165 commodity listings from Positive List (list of commodities controlled for export by US). Approx 200 additional deletions immed forthcoming. Purpose to eliminate controls over items in free supply and of low security importance. Nearly all items deleted have to date been controlled only for R countries (Eur including USSR, Turkey, and part North Africa). Simultaneously controls over 250 to 300 listings now applicable R countries will be extended near future to all other destinations except Canada (Group O countries). Purpose to increase effectiveness controls over items of high security value, prevent transshipment to Soviet orbit, and apply effective controls over selected exports to China and related areas.

If Missions accredited to Group O Govts receive inquiries, missions may state items under control will in general be licensed freely to such destinations, subj only to selective consignee and transshipment screening. Missions in R countries will understand actions described in no way alter control policies that area.

Circ airgram <sup>1</sup> containing full explanation being dispatched. [State and Commerce.]

ACHESON

<sup>1</sup> Dated November 4, 8 : 20 a. m., not printed.



ECA Telegram Files, Lot W-131, Paris Torep : Telegram

*The Acting Administrator of the Economic Cooperation Administration (Foster)*<sup>1</sup> to the Embassy in France

SECRET PRIORITY

WASHINGTON, November 4, 1949—8 p. m.

Torep 9080. Reference Repto 7101.<sup>2</sup>

1. Concur Para 1 and Para 2 A. State and ECA have cabled instructions suggested Para 2 B for Belgium and Netherlands. Sending cables urging Norwegian and Danish participation today.

2. US group at Nov 14 meeting will include State and Commerce representatives as well as OSR. Disproportionately large US delegation should be avoided.

3. Re 2 D US position should be guided by position taken in inter-agency memorandum, approved by National Security Council May 31, which stated that ECA and State would place emphasis on obtaining maximum agreement by all participants to the list currently acceptable to UK, without foregoing continued and unremitting negotiation on remainder US I-A list.<sup>3</sup> State and ECA further indicated that they would to the extent feasible encourage those countries which have agreed already to entire US I-A list to continue their full agreement and thus support negotiations to obtain further agreement from other participants. Believe US should support Anglo-French list as a desirable step forward in developing a multilateral program for embargo security controls. However suggest you approach British to obtain agreement to inform other missions of outcome Anglo-American technical talks last July. Believe desirable that US and British should indicate need for technical discussions with other countries where desirable. Progress made in Anglo-US talks can be used as basis increased multilateral controls. Sending US views on items at issue in July technical talks early next week. Will also send latest US analysis Anglo-French list.<sup>4</sup>

4. Informal exploratory discussions suggested Para 4 undertaken this week by State Dept. Our comments will follow.

FOSTER

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<sup>1</sup> On May 31, 1949, William C. Foster, until then Deputy Special Representative in Europe for the Economic Cooperation Administration, was named Deputy Administrator for the Economic Cooperation Administration. Milton Katz, General Counsel in the Office of the Special Representative in Europe for ECA, was named to succeed Foster as Deputy Representative.

<sup>2</sup> Dated October 28, p. 163.

<sup>3</sup> The reference here is presumably to the memorandum of May 31 from Secretary of Commerce Sawyer to NSC Executive Secretary Souers, not printed.

<sup>4</sup> Regarding the new Anglo-French list, see footnote 2 to telegram Repto 6884, October 15, from Paris, p. 151.

ECA Telegram Files, Lot W-130, Paris Repto : Telegram

*The Special Representative in Europe for the Economic Cooperation Administration (Harriman) to the Administrator of the Economic Cooperation Administration (Hoffman)*

SECRET

PARIS, November 5, 1949—9 p. m.

Repto 7264. Re Washington's 4202,<sup>1</sup> repeated London 3960, Rome 2751, Brussels 1286, The Hague 974, Oslo 519, Copenhagen 528. Washington Repto 7239,<sup>2</sup> The Hague Repto 511, London Repto 972, Paris Repto 214, Brussels Repto 443, Frankfort Repto 702. Washington Repto 7101;<sup>3</sup> not repeated elsewhere.

As further development of suggestions contained in Repto 7239 and Repto 7101 would like to propose following course of action for your approval:

1. That in accordance with statements made at November 2 meeting international working party of NAT (see urtel 4202) subject of progress being made on export central control program be considered appropriate matter for discussion in international working party at regular intervals as program important to accomplishment of common objectives of NAT signatories under Article 3, discussion to be undertaken in spirit of informal mutual consultation with respect to progress of operations being formally carried on elsewhere. Such review could appropriately include the question of whether existing organizational arrangements were satisfactory and if not what kind of arrangements NAT countries might consider desirable.

2. That at the meeting of defense committee of NAT scheduled for about December 1 attention be called to importance of export control program to accomplishment of our common security objectives under treaty and urge those present who have not already done so, to take interest in promoting successful execution of program (it appears that in several of European countries program has been handled largely by board of trade type people for whom, despite best will in world, restrictions on exports go against grain).

3. That to further emphasize political and security aspects of export control program Embassies in each cooperating country designate high level official, who may be either political or economic officer, to be responsible for program, and that Embassies gradually take more and more active role in negotiations with governments, although with continuing full cooperation and support of ECA missions and under continuing co-ordinating direction from OSR, acting as in past jointly for ECA and State, with further steps for transfer of responsibility from ECA to State to be considered in light developments next few months.

4. That in view of increasing evidence that present informal con-

<sup>1</sup> Dated November 2, p. 166.

<sup>2</sup> Not printed, but see footnote 2 to telegram 952, October 28, to The Hague, p. 162.

<sup>3</sup> *Ante*, p. 163.



sultative group is beginning to consider itself as permanent body (for example, agenda for November 14 meeting includes question of formal action on addition of new members), and in view UK opposition which is believed to be long standing and serious, going back at least to Martin-Makin talk of mid July and in view help on French position of their leadership present group, no specific proposal be made at this time to set up consultative group within organizational framework of NAT, but that US support actions designed to put present group on permanent basis.

5. That US representatives be authorized promptly in advance of November 14 meeting to indicate to Dutch, French, and British as occasion may arise US support for measures to put existing group or similar new group on permanent basis, and at November 14 meeting to support actively any proposals made by others which would in opinion of US delegation contribute to this end. This would involve support of Dutch proposal but not against other major countries if Dutch insisted that completely fresh start must be made with new group or if Dutch indicated restriction of membership to NAT countries precluded a possible future entry of Germany or others and was essential permanent part their plan. Continue, of course, to believe (as stated paragraph 3, Repto 7239) that Dutch proposal respect final authority by US unwise politically and implies degree final authority for group over actions by governments which cannot be accepted.

6. That as further evidence our support and as specific contributions to putting group on permanent basis, US delegation be authorized to take following further positions as appropriate at November 14 meeting (in general letting other countries take leadership):

*a.* That US fully prepared to participate, with OSR and Embassy personnel acting jointly, in permanently established group on fully multilateral basis with decisions of group, in form of recommendations to governments made by mutual negotiation or give and take basis with principal purpose of securing mutually agreed control list as close to US position as possible, but not preventing US or any other country from applying broader list. (This group, of course, would have no jurisdiction over enforcement Article 117 divg [apparent garble] ECA act.)

*b.* That permanent technical group be established to keep international control list under constant review from standpoint changing technology and economic conditions in West, and of new intelligence on economic, technical and military factors in East, with understanding that changes recommended on basis of such review will receive careful consideration by all governments, but in no way imply pressure on governments to reduce scope of control they choose to maintain.

*c.* That a permanent technical group be established to study means for control of trans-shipment and to assist in execution of measures agreed upon to this end.

*d.* That a permanent technical group be established to handle the exchanges of information on 1B and on 1A items for Finland and Yugoslavia.

*e.* That to service these groups with clerical and administrative a permanent secretariat be established composed of contributed personnel with incidental services provided for by host government.



f. That permanent arrangements be made with respect to chairmanship, admission of new members and related organizational questions.

7. That we agree to any steps which may prove to be necessary to make clear that this group is not an OEEC body but is rather a group set up by mutual consent by participating governments without organizational ties to any other body.

8. That, insofar as it may be necessary to do so in discussions with governments that express the desire to see this program placed into a closer relationship with NAT, we be authorized to indicate our intentions in relating program to NAT objectives as described in paragraphs 1, 2, and 3 above.<sup>4</sup>

Sent Washington Repto 7264; repeated London Repto 975, Rome Repto 947, Brussels Repto 445, The Hague Repto 514, Oslo Repto 360, Copenhagen Repto 303.

HARRIMAN

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<sup>4</sup> Telegram Torep 9233, November 10, to Paris, not printed, replied that the Department of State and ECA fully concurred with this telegram with the following modifications: (1) regarding paragraph 1 State and ECA preferred not to make a decision on a discussion of the export control program in the NATO Defense Committee until after the Paris meeting of November 14. The preliminary State-ECA view was that such a discussion would be inadvisable; (2) regarding paragraph 4 it was agreed that the United States ought not to take the leadership in proposing establishing of a trade consultative group within the NATO framework, but the United States would support such a proposal should significant interest be displayed for it (ECA Telegram Files, Lot W-131, Paris Torep).

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501.BD Europe/11-1049: Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

TOP SECRET

Moscow, November 10, 1949—6 p. m.

2806. In opinion Emb Sov E-W trade tactics for immediate future (Noce 626, Oct 31<sup>1</sup>) will continue be formulated and depend two basic considerations; 1st, trend western economic health and cooperation; 2nd Sov ability further postpone-minimize vitally necessary acquisitions, including numerous non-military categories from west. (Paris for Harriman.)

We believe new Sov overtures for trade expansion proceed primarily from inabilities under 2 above further complicated by foreign exchange shortages. At same time Emb confident Sov tactics will follow pattern filling minimum requirements in way best designed frustrate cooperation West, complicate recent econ difficulties arising from devaluation, growing WE marketing problems and October strikes U.S. Certainly, hoped for development Western splits plus improved terms and conditions EW trade a prime objective most recent Sov "capitalist crisis" propaganda barrage.

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<sup>1</sup> *Ante*, p. 165.

USSR claims 1949 grain harvest above pre-war and 2.1 mil tons over 1948 but whether or not Sov and bloc enjoyed unusually good 1949 harvest, agricultural commodities immediately after luxury items will be chosen medium acquisition foreign exchange ahead of industrial raw materials with higher strategic significance. Hence importance US sponsored special schemes provide WE American hemispheres agric surpluses on favored terms.

"Cool reaction" majority NAT countries to proposal treat export controls in framework pact (infotel Nov 3, 1949<sup>2</sup>) naturally discouraging on surface. On other hand Emb recently impressed and encouraged awareness exhibited both govt and private members Belg trade del presently in Moscow, "serious threat growing Sov-Satellite trade monopoly." Consensus their independent conclusions closely parallel Emb estimate (memo encl Embdes 558 Oct 1<sup>3</sup>) i.e. Wests ability cope this increased Sov threat fundamentally dependent speed-strength WEs' coordination its econ power for offensive-defensive application. Most remarkable feature their reaction was expressed willingness accept immediate financial sacrifices and difficulties to further this goal.

Thus importance suggested stressing commercial security no less than military security in slated Paris trade control talks Nov 14 as element best designed stimulate further integration economic efforts comparable progress achieved cooperation joint military defense.

For depts info, British colleagues here who studied Embdes 558 indicate they have reported general agreement contents their govt, further that UK Govt might anticipate increased US pressure for stricter controls as initial Wash. reaction but that UKs willingness offer further cooperation these lines naturally conditioned by their sense of priority necessity feeding selves.

Paris for Harriman.<sup>4</sup>

KIRK

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<sup>2</sup> Not printed; it summarized the contents of telegram 4202, November 2, to Paris, p. 166 (800.00 Summaries/11-349).

<sup>3</sup> *Ante*, p. 142.

<sup>4</sup> This telegram was also repeated to Geneva, Frankfurt, and London.

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### *Editorial Note*

A draft letter of instructions to the West German Government regarding the establishment of a program of export security controls was approved by the Foreign Trade and Exchange Committee of the Allied High Commission for Germany on November 14. For previous correspondence on these draft instructions, see telegram 3206, October 17, from Frankfurt, page 153. At the meeting of the Allied Council (the supreme authority of the Allied High Commission for Germany) on November 25, the American, British, and French High Commis-

sioners agreed to direct the Joint Export Import Agency (the American-British-French military occupation agency responsible for the administration of German foreign trade which was to pass out of existence on November 28) to send the agreed letter on export controls to the West German Ministry of Economics. The letter included the confidential American 1-A and 1-B commodity lists and suggestions for governmental procedures for the implementation of the necessary restrictions and prohibitions (telegram 4328, November 26, from Frankfurt: 740.00119 Control (Germany)/11-2649). The text of the letter was transmitted to the Department of State in telegram 52, November 29, from Bonn: 740.00119 Control (Germany)/11-2949). West German Minister of Economics Ludwig Erhard soon after informed Allied authorities that he could take no action on trade controls until he received approval from West German Chancellor Konrad Adenauer. At a meeting between the Allied Council and Chancellor Adenauer on December 8, French High Commissioner André François-Poncet called attention to the letter of November 25 on export controls sent to the Ministry of Economics, and he requested the Chancellor take appropriate measures. United States High Commissioner McCloy stressed to Adenauer the necessity of implementing strict export controls to ensure that certain commodities did not move to the East, and he pointed out the relationship of the control program to the entire United States aid program (telegram 64, December 9, from Bonn: 862.00/12-949). In a conversation with Robert M. Hanes, Chief of the E.C.A. Mission in Germany, West German Minister of Economics Erhard expressed his willingness to cooperate fully with the export control plan outlined in the November 25 letter (telegram 5243, December 27, from Frankfurt: 600.629/12-2749).

For a report on subsequent West German actions to implement the trade control program provided for in the letter of November 25, see telegram 5335, December 30, from Frankfurt, page 182.

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ECA Telegram Files, Lot W-130, Paris Repto: Telegram

*The Deputy Special Representative in Europe for the Economic Cooperation Administration (Katz) to the Administrator of the Economic Cooperation Administration (Hoffman)*

[Extracts]

SECRET

PARIS, November 25, 1949—5 p. m.

Repto 7579. Washington pass State, Commerce, NME. Reference Repto 7513,<sup>1</sup> Repto 7264,<sup>2</sup> repeated London Repto 975, Rome Repto 947, Brussels 445, Hague 514, Oslo 360, Copenhagen 303.

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<sup>1</sup> Not printed, but see footnote 3 below.

<sup>2</sup> November 5, p. 169.



1. Final plenary session intergovernmental discussions security trade controls held November 23 and results considered satisfactory.<sup>3</sup> Principle of multilateral action now accepted by all active participants (US, UK, France, Italy, Belgium, Netherlands) and activation permanent group approved for recommendation to respective governments. Delegations Denmark and Norway present final meeting but unable indicate more than attitude of sympathetic interest without further instructions from governments. Four reports approved by delegations above six countries for recommendation their governments are summarized below. Wright present final meeting and hand carrying all documents Washington today.

a. On commodity lists. Report stressed importance bringing Norway and Denmark into group, and of the institution of appropriate controls by Sweden and Switzerland and of resolving the position of Germany. Also stated that US delegation had submitted 35 commodities for embargo consideration. Commodities are enumerated on three lists. List 1 consists of 129 items upon which all participants agreed to recommend an embargo. List 2 contains one item recommended for quantity control. List 3 enumerates 12 commodities deferred for further technical review. Details regarding each of above three lists follow:

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<sup>3</sup> Telegram Repto 7405, November 14, from Paris, not printed, reported that the first meeting of the United States and Western European representatives regarding East-West trade controls was held at the French Foreign Ministry on the afternoon of that day. [The United States representatives at these meetings included Edwin M. Martin, Director for Regional Affairs, Department of State (from October 1949), Robert B. Wright, Economic Resources and Security Staff, Department of State, and Wallace S. Thomas, Deputy Assistant Director, Office of International Trade, Department of Commerce. Also participating in the meetings were representatives from the United Kingdom, France, Italy, Belgium, and the Netherlands. Norway and Denmark were also represented, but the lack of timely government instructions restricted these representatives largely to observers' status.] Hervé Alphand, Director General for Economic, Financial, and Technical Affairs, French Foreign Ministry, served as Chairman. At the initial meeting, the United Kingdom proposed the establishment of a Permanent Advisory Group which would meet as often as necessary to consider matters arising from the implementation of a common policy for the security control of exports. Italy, France, Belgium, and the United States expressed support for such a body, but the Netherlands would not agree. A review of the status of agreement on the Anglo-French list of October 14 (see footnote 2 to telegram Repto 6884, October 15, from Paris, p. 151) revealed that Belgium and the Netherlands had agreed to control all but a very few of the items on the list. The exceptions were, however, described as "disturbing" (ECA Telegram Files, Lot W-130, Paris Repto). Following several days of technical meetings involving British, Belgian, Dutch, Italian, and French representatives, telegram Repto 7513, November 19, from Paris, not printed, reported that agreement had been reached to recommend the embargo of 124 items on the Anglo-French list including the full electronics list. Prior to a final plenary meeting, United States representatives planned to consult with French Prime Minister Schuman, Belgian Prime Minister Van Zeeland, and Norwegian Minister of Trade Erik Brofoss regarding certain unresolved issues (ECA Telegram Files, Lot W-130, Paris Repto).

*b.* On transshipment. Report unchanged from summary in Repto 7513, paragraph 3.<sup>4</sup>

*c.* On trade agreements. When definite undertaking in existence November 20 to supply security items recognized the obligation may have to be fulfilled, but every effort should be made by supplying country provide nonsecurity items if trade agreement category is broad enough. In negotiating future trade agreements no obligations should be undertaken supply items on agreed prohibited list, and obligations accepted under general headings should not involve commitments to supply such items. In addition to report all countries state strong efforts presently made to avoid commitments supply security items. Also emphasized verbally that lists and trade agreements inter-connected and that reservations for agreements should not be used to weaken lists.

*d.* On permanent group. Final report here differs from that approved preliminary meeting on subject. Re-examination proposed, report OSR and check opinion certain other delegations indicated advisability strengthening part on organization by more explicit references secretariat and committees. After informal clearance other delegations, US proposed amendment which was accepted all delegations except Netherlands. Latter accepted principle of continuing advisory group but withheld approval organization detail per US amendment on ground such organization now unnecessary and could be developed later by chairman as needs are shown. Netherlands delegate will obtain further instruction from his government. Report itself affirms need for continuing advisory group; recommends invitations to Denmark and Norway and participation by Sweden and Switzerland; provides for meeting as necessary in Paris; provides for work between meetings by chairman "in consultation representatives of governments concerned and with assistance of a secretary, an assistant secretary or secretaries together with appropriate working committees"; sets forth in general terms future functions of group, including implementation of controls and exchange of information.

Delegations agreed that decisions of governments regarding recommendations in reports would be transmitted to chairman in 15 days.

2. In addition approval above four reports following matters considered:

*a.* Submission by US of list 35 additional items mentioned, but no comments were made.

*b.* Norway and Denmark will report to chairman soonest on participation in security controls and in group.

*c.* Necessity for German participation agreed to, but method not decided, French stated opinion that controls now being instituted

<sup>4</sup> According to telegram Repto 7513, a committee of experts agreed upon the following recommendations on the transshipment problem: (a) that an investigation be made of the final destination of security items by the exporting country before a license is issued; (b) that the Permanent Advisory Group be provided information regarding the transit of security items across the territory of a member country; (c) that the governments study an appropriate system for the surveillance of security items transiting member countries; (d) the governments study an appropriate system for the surveillance of free zones and ports; (e) the governments study methods of obtaining the cooperation of Switzerland and Sweden in the solution of this problem; (f) that the governments examine the position to be taken vis-à-vis other countries.



Germany would prove satisfactory, but felt that any German representation for present would be by High Commissioner not German Government. US and UK stated inability give opinion type of representation and would seek further instructions.

d. Importance control action by Sweden and Switzerland, especially in certain areas of commodities emphasized. No concrete suggestions made.

e. Next meeting of group scheduled for January 9.

Sent Washington Repto 7579; repeated Rome Repto 1009, The Hague Repto 548, Brussels Repto 468, London Repto 1037; pouched Copenhagen, Oslo, Frankfort, Vienna, Bern, Paris, Trieste, Stockholm, Moscow.

KATZ

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*Editorial Note*

At his press and radio news conference of November 30, Secretary of State Acheson issued a statement which took note of the United Nations General Assembly resolution of November 18 regarding the Greek case and the suggested embargo of arms shipments to Bulgaria and Albania. In his statement, the Secretary of State announced that the United States would abide faithfully by the recommendation, would continue its policy of refusing to permit the export of such materials to Albania and Bulgaria, and would take all possible steps itself and in cooperation with other countries to suppress clandestine traffic to Albania and Bulgaria. For the text of the statement, see Department of State *Bulletin*, December 12, 1949, page 911.

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840.50 Recovery/12-249: Telegram

*The Secretary of State to the Embassy in Norway*<sup>1</sup>

SECRET

WASHINGTON, December 2, 1949—7 p. m.

607. For Emb and ECA. Results Paris Nov inter-govt discussions security trade controls summarized Paris Repto 7579, Nov 25,<sup>2</sup> pouched Copenhagen and Oslo. Since Nor and Den invited to Nov 14 mtg at late date by Fr, Nor and Den dels not prepared participate fully in all discussions. Accordingly, specifically noted in final Nov 23 mtg that report by Nor and Den to Chairman on participation in security controls and in group desired soonest.

Emb and ECA at Copenhagen and Oslo shld offer assist Den and Nor Govts in technical consideration embargo list and additional US list 35 items from US 1A list not included Nov 23 embargo list. With

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<sup>1</sup> This telegram was repeated to Copenhagen as 597 and to Paris as 4648.

<sup>2</sup> *Ante*, p. 173.



view to assuring transmittal govts' position re these items to Chairman within agreed 15 days, technical assistance from OSR might also be useful. Emb and ECA shld also emphasize to Den and Nor Govts importance and desirability their participating on full and continuing basis in permanent group as well as specifically in Jan 9 mtg.

In approaching Nor and Den, Emb and ECA shld express appreciation Nor and Den cooperation thus far in security trade controls (especially in view Oslo Toeca 483, Nov 29<sup>3</sup>) and regret that they not aware Nov mtg far enough in advance permit full preparation. However, value of multilateral approach to mutual security problem shld be stressed, and hence importance of status Den and Nor controls vis-à-vis Nov 23 embargo list, as well as participation in continuing forum for handling of common security problems.

Understood at final Nov 23 mtg Paris that Nor and Den delegs wld make full report on results of mtg to respective govts and wld endeavor obtain instructions soonest.

ACHESON

<sup>3</sup> Not printed.

840.50 Recovery/12-749 : Telegram

*The Secretary of State to the Embassy in France*

[Extracts]

SECRET PRIORITY

WASHINGTON, December 7, 1949—7 p. m.

4709. Pass Harriman. From State, ECA, and Commerce. Re agreement to report within 15 days of Nov 23 mtg<sup>1</sup> to Fr Chairman by respective govts their decisions re final reports of Nov 23 mtg, believed here that OSR shld make gen report to foll effect:

US gratified in gen at results Nov 23 mtg and believes substantial progress made on all subjects discussed that mtg. US has all reports of Nov 23 mtg under consideration and may have further specific comments to make prior to Jan mtg. The foll comments might presently be made re the various reports.

(1) Report on list products for export control Eastern Eur. US pleased with area of agreement reached in report. Since US 1A controls extend beyond scope of embargo list, US is of course in fact presently controlling most items on agreed embargo list. US still has under consideration certain technical points raised in discussions of lists I, II and III as well as items recommended for embargo which are not presently embargoed by US, but will report these to the Chairman as soon as info is available and in any event will make a comprehensive report at Jan 9 mtg. Foll specific comments presently available:

<sup>1</sup> For the report on the November 23 meeting under reference, see telegram Repto 7579, November 25, from Paris, p. 173.

(2) Report on trade agreements. Arrangement recommended re treatment embargo list items under trade agreements appears satis to US.

(3) Report on transit trade. US practice already in accordance recommendations in 5a. Recommendations B through F under study and anticipate suggestions these points in time for Jan mtg.

(4) Report on permanent organization. US pleased at agreement for continuation of consultative group and at provision necessary arrangements for accomplishment of objectives of group. US might suggest a special mtg prior to Jan mtg of representatives of Govts present at Nov mtg to discuss specific details of group work and organization arrangements which might be feasible for fulfilling the purposes of the group. In any event US will have certain specific suggestions on organization which can be transmitted at such a mtg or at the Jan mtg.

Further info on items mentioned above will be forwarded to OSR as soon as available. Separate tel will contain specific comments for organization of permanent group and for further discussion of transit trade question. US also believes it desirable to propose for consideration at Jan mtg a statement containing suggestions for adequate 1B controls and such statement will be transmitted shortly to OSR for circulation by Chairman prior to mtg. [State, ECA, and Commerce.]

ACHESON

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S40.50 Recovery/12-1349 : Telegram

*The Secretary of State to the Embassy in France*

SECRET

WASHINGTON, December 13, 1949—7 p. m.

4776. Pass Harriman. Dept, ECA, NME and Commerce consider that specific objectives of continuing consultative group shld include completion of satis multilateral 1A list, development of effective multilateral 1B policy, progress on transit trade problem, and useful exchange pertinent econ and security info. Specific organizational arrangements will be satis if they accomplish these ends, if they assure continuing consultation, and if mutually satis to cooperating countries. Foll suggestions offered for consideration OSR in preparation for further discussion permanent org:

1. Principal contribution of Group appears likely to come from standing working comites visualized for (a) technical aspects of embargo and quantitative control lists, (b) transit trade, (c) 1B consultation, including Finn and Yugo exceptions. Accordingly, US, Brit, and Ital representatives respectively might serve as chairmen these comites. We consider chairmanships of these working groups key positions and that high caliber persons essential. Might also be *ad hoc* technical groups for special commodity problems.

2. Function of Group Chairman wld be primarily to call and supervise mtgs of Group. Group wld meet periodically (preferably not too frequently in order assure assignment of good level of representation)

to act upon recommendations of the comites, which shld meet more frequently.

3. Functions of secretariat shld be primarily confined to arrangements for mtgs, reproduction and circulation of documents and facilitating exchange of info. Fr as hosts wld contribute necessary facilities for mtgs and documentation. Might be cooperative gesture suggest that participating countries share in work of secretariat by detailing personnel to assist (notably in preparing English documentation). There appears no special objection to permitting Fr to handle these details of arrangements and documentation, but it might be useful in promoting full coop by all countries to have non-Fr Secy or Asst Secy to coordinate the substantive work of the comites. Nationality of comite chairmen on other hand may well prove significant in advancing work of Group.

4. It is considered desirable to avoid internatl secretariat with attendant problems budget, administrative discussions, etc.

5. At plenary mtgs Group will doubtless require some staff assistance beyond that of secretariat. Believe separate country dels shld share staff burden as for Nov mtgs.

6. Comites and Group wld in gen not have final auth, but wld make recommendations to respective govts.

7. US representation on the Group, the secretariat, or the comites shld be determined by OSR in consultation with Wash.

8. Wld welcome Emb and OSR comments these suggestions.

ACHESON

840.50 Recovery/12-1549 : Telegram

*The Secretary of State to the Embassy in France*

SECRET

WASHINGTON, December 15, 1949—7 p. m.

4823. Pass Harriman. From State, Commerce, ECA, and Defense.

In recent Nov intergovernmental discussions security trade controls, participating countries recognized principle of quantitative control and also principle of consultation in connection therewith. Since rather substantial area of agreement on multilateral 1A list appears be in prospect, considered appropriate raise specifically in intergovernmental Group estab of effective multilateral 1B policy. Accordingly recommended that a doc containing foll gen statement and specific proposals be circulated by US prior to Jan 9 mtg to serve as basis for discussion 1B problem at that mtg:

US exercises strict control over exports to Sov Bloc of approx 300 items which constitute US 1B list. US 1B list includes materials or equipment which are highly important from point of view their contribution to war potential of Sov Bloc and whose high strategic character is directly related to the quantitative extent to which they may be exported to the Sov Bloc.

Because of wide variety items included on US 1B list, varying techniques are appropriate to their control. While items such as non-



ferrous metals may be susceptible to quota control, for other items such as specialized machinery, specific strategic character of item must govern action in individual cases. Thus, term suggested by UK Del, namely, limitative control, seems appropriately describe what US intends include within its 1B policy, combining both quantitative and qualitative considerations.

US 1B list given consulting countries in late 1948 with request that, to extent practicable, exports these items to Sov Bloc be limited. In order obtain comprehensive basis for effective limitation of 1B shipments by individual countries, US suggested exchange of info on 1B shipments. UK and Ital have been providing such info on reciprocal basis.

Since late 1948, US has been exercising restrictive control over export to Sov Bloc of items on its 1B list with same care as has been case with its 1A list. In view of substantial area agreement recently reached re embargo most important security items, US regards it as essential that consulting countries now consider developing effective limitative control on other items of high security significance in effort further their mutual security objectives.

It is, of course, appreciated that in taking limitative action on trade in these items, individual countries will face trade problems similar to those which US has met during past year and half. From standpoint mutual security interest, for one or several countries to maintain strict limitative control over strategic items in absence comparable control by other consulting countries will reduce effectiveness of common security effort. Therefore appears essential this important problem be discussed by intergovernmental Group at Jan mtg.

To facilitate discussion this problem by Group, US submits foll proposals:

(1) Re items on US 1A list which have not been accepted for embargo by all consulting countries, US asks that the several countries not now embargoing all such items take such steps as will permit reporting to Paris Consultative Group each proposed shipment to Eastern Eur prior to final action on the case. In turn, US will undertake comparable action on those items agreed to by the several countries for embargo but not currently appearing on US 1A list. This will permit multilateral review of and recommendations on proposed shipment such items and shld serve minimize security risk inherent in absence complete parallel action on these items. This arrangement wld be understood as not prejudicing further consideration these items for embargo on their strategic merits but wld seem be prudent course action foll pending their final disposition.

(2) Re exports to Yugo and Finn of items appearing on embargo list, it wld seem useful coordinate govts' actions through Paris Consultative Group. This wld involve using Group as means for exchanging info on exports 1A items to Yugo and Finn, and wld imply that on certain especially important categories any country might request Group consultation before final approval for shipment.

(3) Since US 1B list has for many months been basis for extensive limitative control by US of shipments to Sov Bloc of many important strategic commodities, US requests that Paris Consultative Group consider adopting it as list for discussion further limitative controls. To promote most constructive discussion on this list, seems advisable immed attention be directed to identifying individual items in trade terminology and export classifications of each of the several countries and to collating them in such manner as will maximize their usefulness in reporting control action and exports.

During more than year's experience in operating strict limitative control over 1B items, US has found that its 1B items can be grouped according to source of availability, extent of effective demand, susceptibility to overall quota control, or stringency of final action. Prelim exam of list in these terms reveals wide variation need for parallel action in achieving mutual security objectives. Such need ranges from transshipment control alone for items available only from single source, to action approaching embargo for 1B items of greatest significance to Sov war potential. At Jan mtg US will present prelim analysis its 1B list in these terms and will recommend for consideration of Group parallel action steps appropriate in each instance, and its view on priority attn which each deserves. It is clear, however, even at this time extensive reporting on approval or denial of shipments and on actual exports will be necessary on items accepted for control by Group to provide basis for joint action and on other items to determine initially type and degree control required. US is prepared on reciprocal basis make available at Jan mtg recent analyses its exports 1B items and at later date to furnish appropriate analyses of its record of approvals and denials for recent periods.

For OSR: Wash will forward shortly proposed detailed analyses of 1B list and proposed recommendations. [State, Commerce, ECA, and Defense.]

ACHESON

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840.50 Recovery/12-2249 : Telegram

*The Secretary of State to the Embassy in France*<sup>1</sup>

SECRET

WASHINGTON, December 22, 1949—6 p. m.

4903. Pass Harriman. Canad Govt has been informed of Nov intergov mtg on security trade controls, and has now expressed through Emb official interest joining group and attending Jan 9 mtg. Dept said question wld require consultation all members and suggested Canad Govt seek Brit sponsorship; agreed US wld approach Fr. FYI Canad participation shld help US position because Canad policy and controls almost identical with ours.

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<sup>1</sup>This telegram was repeated to the Embassies in Copenhagen, Brussels, The Hague, London, Rome, and Oslo.



Therefore suggest you approach Alphand promptly stating Canad has approached US indicating wish participate, that US endorses Canad membership, and hopes other govts will respond in similar fashion. Shld stress to Alphand desirability Canad participation Jan mtg, at least as observer although recognize short time available for consultation with other members group. Missions receiving this tel for info shld also use suitable opportunity indicate US view to govts to which accredited.

ACHESON

600.629/12-3049 : Telegram

*The United States High Commissioner for Germany (McCloy) to the Secretary of State*

SECRET

FRANKFURT, December 30, 1949—noon.

5335. Sent Department 5335; Repeated Paris Torep 1239, London 289. References: Deptels 3575<sup>1</sup> and 3536,<sup>2</sup> Repto 8136 repeated Frankfurt Repto 821,<sup>3</sup> and mytel 5243<sup>4</sup> repeated Paris 383.

Subject: German export controls.

1. As result of Hanes-Erhard conversation December 22, Allied-German working party met December 23 and Dec. 28 with discussions as follows:

(a) International cooperation in export controls. Germans were informed of results Paris discussions to date. Report for January meetings as transmitted mytel 5243 modified slightly to obtain British, French and German agreement, and if agreed formally by British and French, will be transmitted to US, UK and French delegation heads for submission January 9 meeting.

(b) Germans at present planning "oberbehoerde" in Ministry of Economics to deal with both import and export problems of centralized nature. This agency to be completed April but hoped that export licensing agency in operation late January, with twenty to thirty employees.

(c) Limiting period of validity of all licenses to twelve months, as

<sup>1</sup> Not printed. It expressed the view that questions regarding the effectiveness of West German export controls would probably be raised at the forthcoming January 9 Paris intergovernmental meeting on East-West trade, and it requested a formal report on the status of those controls (640.6031/12-2749).

<sup>2</sup> Not printed, but see paragraph "(c)" below.

<sup>3</sup> Not printed.

<sup>4</sup> Not printed. It reported that in view of French opposition to German participation in the January 9 Paris meeting on East-West trade, representatives of the Office of the United States High Commissioner for Germany would attend. French and British representatives from West Germany would probably also attend. An outline of a report on the status of West German export controls was submitted. The report indicated that in a conversation on December 22 with ECA Mission Chief Hanes, West German Minister of Economics Erhard had expressed his willingness to cooperate fully with export control plan proposed by the Allies on November 25 (600.629/12-2749).

Regarding the control plan submitted to the West German Government on November 25, see editorial note, p. 172.



suggested by mytel 5093<sup>5</sup> and concurred by Deptel 3536. German reaction negative. Germans stated government would much prefer to assume responsibility later for requiring re-issuance of licenses to, say, Yugoslavia, should that be necessary, rather than limiting validity of licenses in any way at time of issue. We concur this view and would appreciate Department's comments.

(d) Decentralization of licensing approval. Germans suggested that *Laender* Economic Ministries might be empowered to approve or deny certain applications, thus decreasing administrative delay. This suggestion disapproved.

(e) Department of Commerce invitation for German official to visit Washington. See Blaisdell letter to McCloy November 16.<sup>6</sup> Germans appreciate invitation and will notify HICOG of person and approximate date of visit. No HICOG personnel will accompany.

2. Germans cooperative and helpful and extremely desirous participate Paris meetings earliest date and are concerned over fact that proposed controls in Germany appear stronger than in other countries. We also concerned—witness recent problem of rail shipments to China—and feel that once Paris group has arrived at final agreement on 1-A, 1-B lists and other problems, instructions to Germans should be modified accordingly. On December 22, Erhard expressed view that distribution of Marshall Plan aid should be contingent upon degree of controls exercised by various countries. While not necessarily concurring, we feel that Germans will cooperate with Paris group and once they form part of group cannot and should not be asked to apply more stringent controls than group as a whole will apply.

Consequently, while Germany will not be represented at January meeting, we feel that US delegate should make strongest effort to reach final agreement on 1-A and 1-B lists at that meeting. If agreement is not reached, HICOG will feel obligated eventually to take steps to revise instructions to Germans accordingly.

3. Attendance January 9 meeting. US representative from Frankfurt may remain for January 9 meeting as member US delegation, but will be representing ECA mission rather than HICOG. Robertson<sup>7</sup> understood to disapprove attendance by UK representative from Germany. If neither UK nor French representative from Germany attends, however, probably advisable for US representative not to attend, since control program here has been tripartite and not a part of ECA mission program.

4. Military Security Board<sup>8</sup> may send representative, Zahner, January 5 meeting. Would appreciate hotel reservations.

McCLOY

<sup>5</sup> Not printed.

<sup>6</sup> The letter under reference is not further identified.

<sup>7</sup> Sir Brian Robertson, British High Commissioner for Germany.

<sup>8</sup> Documentation on the establishment and operations of the Military Security Board in Western Germany is included in volume III.

## UNITED STATES CIVIL AVIATION POLICY TOWARD THE SOVIET UNION AND EASTERN EUROPE <sup>1</sup>

### *Editorial Note*

On January 5, 1949, a secret circular instruction was sent to 66 missions around the world regarding the course of action agreed upon with the United Kingdom to implement United States civil aviation policy toward the Soviet Union and Eastern Europe as set forth in document NSC 15/1, July 12, 1948. Enclosure A to the circular instruction was the text of an agreed American-British instruction, dated December 7, 1948, to American and British diplomatic missions which outlined the mode of approach to be made to other governments whose cooperation was sought in putting into effect the joint United States-United Kingdom policy. The precise terms of the joint United States-United Kingdom civil aviation policy toward the Soviet Union and Eastern Europe were defined in an American-British memorandum of December 6, 1948, included as Enclosure B to the circular instruction of January 5. Enclosure C to the circular instruction listed those missions to which the agreed joint instructions and agreed joint memorandum were being transmitted for action or information. American and British missions were to act jointly in seeking the cooperation of the governments of Belgium, Denmark, France, Italy, the Netherlands, Norway, Portugal, Sweden, Switzerland, Egypt, Greece, Iran, Iraq, Lebanon, Syria, and Turkey. The United Kingdom was responsible for seeking the cooperation of the governments of the Commonwealth. For texts of the circular instruction of January 5, 1949 and enclosures A, and B, thereto, and of document NSC 15/1, July 12, 1948; see *Foreign Relations*, 1948, volume IV, pages 481 and 451, respectively.

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<sup>1</sup> For previous documentation on this subject, see *Foreign Relations*, 1948, vol. IV, pp. 436 ff.

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760F.6727/1-849 : Telegram

*The Acting Secretary of State to the Embassy in the United Kingdom*

SECRET      US URGENT      WASHINGTON, January 13, 1949—3 p. m.

148. Ankara's report Turks seeking excuse denounce Czech-Turk air agreement (Ankara's 16 Jan 8<sup>1</sup>) provides hoped-for opportunity

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<sup>1</sup> Not printed.

which, in Depts opinion shld be quickly seized, forge important link ME containment chain which Brit-US joint Satellite aviation policy seeks. Dept intends cable Ankara text paras 3, 4 and 5 background memo accompanying cirinstrs<sup>2</sup> now in mail as info supporting Turk desire denounce Czech agreement. Plan inform Turks same cable that US, while not presently obliged consider necessity denounce US-Czech agreement, since Czechs have not requested requisite permit operate US under bilateral, wld not under US policy grant Czechs such permit if requested; that since Czech operations Turk already authorized, best grounds Turk denunciation agreement or cancellation operating rights thereunder appears be ownership and control clause; that while CSA may be Czech owned (para 1 Ankara's 16 Jan 8) Turks could justifiably take position it not satisfied CSA controlled by Czech natls.

Inform FonOff foregoing and advise urgently if Brit a) perceive any objection thereto and b) would be willing instruct Brit Emb Ankara endorse such views. Advise FonOff Dept considered withholding reply Ankara's 16 Jan 8 until joint instrs recd by respective missions and subsequent overall conversations held but concluded situation calls for strongest support least possible delay Turk inclination break Czech air agreement.

LOVETT

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<sup>2</sup> See editorial note, *supra*.

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711.4027/1-2649 : Telegram

*The Chargé in Iraq (Dorsz<sup>1</sup>) to the Secretary of State*

SECRET

BAGHDAD, January 26, 1949—2 p. m.

36. During talk Embtel 35 January 26,<sup>2</sup> Rawi suspected Soviets making illegal overflights northern Iraq and mentioned cancellation Czechoslovak flight privileges (Embtel 698 November 13<sup>3</sup>).

With Department instruction January 5<sup>4</sup> (received January 24) re NSC 15/1 in mind, I expressed thought neither Czechoslovaks nor other satellities would obtain flight privileges from Iraq. Rawi confirmed this view saying Iraqi authorities fully aware dangers inherent granting such privileges to Soviets or satellites.

In view fact Iraq Government has already of its own accord arrived

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<sup>1</sup> Edmund J. Dorsz, First Secretary of the Embassy in Iraq.

<sup>2</sup> Not printed; in it Chargé Dorsz reported on a long conversation the previous day with Iraqi Under Secretary for Foreign Affairs Sayid Admad Pasha Al-Rawi regarding Iraqi action to minimize Communist penetration (890G.01/1-2749).

<sup>3</sup> Not printed.

<sup>4</sup> See editorial note, p. 184.



at policy we desire, it would appear inadvisable to press matter. Joint Anglo-American approach might have negative results as follows:

*a.* Formal approach may lead criticism failure US prevent Czechoslovak flights Israel;

*b.* Reopening Iraqi contention and bitter criticism US support Zionism regarded by Iraqis as introduction Communism at their backs;

*c.* Prejudice US position in advocacy servicing Israel by US airlines.

I plan discuss foregoing with British Chargé earliest.<sup>5</sup>

Sent Department 36, London 15, Moscow 2.

DORSZ

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<sup>5</sup> Telegram 38, January 29, from Baghdad, not printed, reported that the British Chargé, Humphrey Trevelyan, fully concurred with the views set forth here (711.4027/1-2949). Department of State concurrence was contained in telegram 25, January 31, to Baghdad, not printed (711.4027/1-2649).

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711.4027/1-2749 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*<sup>1</sup>

SECRET US URGENT

WASHINGTON, January 27, 1949—7 p. m.

303. Brit reasons against use effective control clause by Turks (ur 273 Jan 22<sup>2</sup>) weak, in US opinion, since (1) danger clause might be invoked against UK and US for political or other reasons already exists and (2) clause permits unilateral action and is not arbitrable. However, if denunciation agreement were accompanied by successful Turk efforts suspend operating permits previously granted Czechs under bilateral, end objective to which UK, US and Turks all subscribe (i.e. blocking Czech flights to Turk) could seemingly be accomplished without waiting for expiration 12 months notice termination. Therefore urge Brit instruct its mission Ankara support following US views which Dept proposes convey Turks soon as Brit concurrence received:

“Immediately on receipt Depeirins Jan 5<sup>3</sup> and in coordination Brit colleague who is receiving FonOff instrs support US views, furnish Turks text paras 3, 4 and 5 background memo accompanying cirins as info supporting Turk desire denounce agreement (Ankara’s 16 Jan 8<sup>4</sup>

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<sup>1</sup> Repeated to Ankara as telegram 40 and to Bern as telegram 110.

<sup>2</sup> Not printed. It reported the British Foreign Office reaction to the proposals outlined in telegram 148, January 13, to London, p. 184. The Foreign Office believed that it would be undesirable to urge the Turkish Government to denounce the Czechoslovak-Turkish civil aviation agreement on the basis of the effective control clause because such an action would set a precedent which could be used in the future against American and British interests. The action might also result in the Czechoslovak Government taking the case to some international body for arbitration thus forcing a public debate of political issues (760F.6727/1-2249).

<sup>3</sup> See editorial note, p. 184.

<sup>4</sup> Not printed.

para 5) then convey Turks fol US views: Respective positions US and Turk vis-à-vis Czech air agreement not identical present time view fact US not yet obliged consider necessity denounce US-Czech agreement since Czechs have not requested requisite permit operate US territory under terms bilateral. US wld not under its present civil aviation policy toward Soviet and Satellites grant Czechs such permit if requested. Most practical Turk course, in US opinion, wld be file notice intent terminate agreement under provisions Art 11 Turk-Czech bilateral without advancing any reasons for such action. If pressed for explanation and Turks consider such necessary (language providing for termination agreement US understands requires no explanation) any one or more fol reasons might be cited:

- (a) Recent political developments Czech.
- (b) Absence Turk desire operate Czech foreseeable future.
- (c) Inability Turk airlines operate Czech foreseeable future, hence no further basis reciprocal benefits.

As soon thereafter as practicable Turks shld endeavor suspend operating rights previously extended Czech air carriers under terms bilateral on such legitimate technical grounds as Turks consider available and necessary accomplish objective. While in US view Turks in best position determine what means are available to them to find defensible grounds to suspend permits, presumably technical violations of Turk regs or flying procedures and standards could be cited with justification."

Emphasize FonOff Depts deep concern lest long awaited opportunity which Turks have presented may be lost if US and UK support of present Turk inclinations not provided promptly. Brit concurrence foregoing urgently desired.<sup>5</sup>

ACHESON

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<sup>5</sup> Telegram 412, February 3, from London, not printed, reported that the British Foreign Office agreed to support the suggested approach to the Turkish Government as modified by the omission of the reference to political developments in Czechoslovakia as a reason for the cancellation of the Turkish-Czechoslovak air agreement (711.4027/2-349). The Department of State agreed to the modified approach. Telegram 87, February 20, from Ankara, not printed, reported a memorandum along the lines indicated here, as modified, was presented to the Turkish Foreign Ministry. The Secretary General of the Foreign Ministry commented that Turkey was well aware of the danger of the continued operation of the Czechoslovak airline in the Middle East. Turkey was considering denouncing the Turkish-Czechoslovak civil aviation agreement, but the grounds so far suggested appeared to be insufficient (860F. 796/2-2049).

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711.4027/1-2849: Telegram

*The Chargé in Egypt (Patterson<sup>1</sup>) to the Secretary of State*

SECRET

CAIRO, January 28, 1949—5 p. m.

111. Reference Department's circular secret instruction January 5 re implementation aviation policy toward Soviets and satellites.<sup>2</sup>

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<sup>1</sup> Jefferson Patterson, Counselor of the Embassy in Egypt.

<sup>2</sup> See editorial note, p. 184.

Czechoslovak airline operation Cairo was suspended January 18 following official notice by Foreign Office to Czechoslovak Legation temporary operating rights were canceled due military and other direct assistance being given by Czechoslovakia to Israel, and fact Czechoslovak airline provides service to Israel. Czechoslovak Chargé unsuccessfully pleaded with CAD<sup>3</sup> for reconsideration.

CAD officials state that of other satellite states only Poles have recently approached Egyptians for operating rights and no favorable consideration will be given Czechoslovakia or other satellites as long as they assist Israel.

In view this action Curren<sup>4</sup> and British civil air attaché have agreed no active formal approach now necessary to Egyptian Government until situation changes.

During informal conversations with CAD only Department's views re questionable identity Czechoslovak crews and purposes scheduled flights were mentioned. CAD took occasion mention Egypt is much more worried about Soviet and satellite penetration thru Israel than US Government appears to be.

Sent Department 111, repeated London 12, Praha, pouched Paris, Bern, Athens, Ankara, Beirut, Tehran.

PATTERSON

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<sup>3</sup> Presumably the reference here is to the Egyptian government agency concerned with civil aviation.

<sup>4</sup> Ralph B. Curren, First Secretary and Consul at the Embassy in Egypt.

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711.4027/1-2849 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*<sup>1</sup>

SECRET

WASHINGTON, February 2, 1949—6 p. m.

376. Holmes<sup>2</sup> and Lister<sup>3</sup> from Norton.<sup>4</sup> Dept most seriously disturbed recent Brit attitude, reflected Embs recent cables and reports other missions, re implementation Satellite aviation policy.

(1) Embtel 344 Jan 28<sup>5</sup> disturbing evidence Brit unwillingness or inability move fast even in instance where time element obviously important. Emb requested impress FonOff and MCA with Depts desire receive Brit reply without further delay.

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<sup>1</sup> Repeated to Paris, Bern, Rome, Belgrade, Brussels, Warsaw, Berlin, and Ankara.

<sup>2</sup> Julius C. Holmes, Counselor of the Embassy in the United Kingdom.

<sup>3</sup> Ernest A. Lister, Attaché (for civil aviation matters) at the Embassy in the United Kingdom; also assigned to the Embassies in Ireland and the Netherlands.

<sup>4</sup> Garrison Norton, Assistant Secretary of State for Transportation and Communication.

<sup>5</sup> Not printed; it reported a delay in British response to American proposals regarding the manner by which Turkey could denounce the Turkish-Czechoslovak air agreement (711.4027/1-2849).



(2) Embtel 345 Jan 28.<sup>6</sup> Dept appreciates fact careful overall consideration might require different Ital treatment re Yugo. At same time, Dept does not consider this matter as immediate particular urgency or that Ital-Yugo trade *rapprochement* at moment hinges on exemption, to greater or lesser extent, of Yugo from agreed course toward Satellites aviationwise. Differentiation Yugos from other Satellites involves major policy decision which Dept not presently prepared leave entirely to discretion Brit and US Embs Rome.

(3) Embtel 352 Jan 29.<sup>7</sup> Dept concedes exchange Belg-LOT service concerns area where US and UK have not yet reached coordination views. Nevertheless, US-UK discussions London resulted, after thorough exploration and mature consideration, in agreement joint course action all areas including Western Eur. As spelled out joint US-UK memo, joint course action, even far as Western Eur concerned, does not, Depts opinion, contemplate indiscriminate throwing open door to Satellite penetration Western Eur without real and substantial benefit to Western Eur countries. Dept unable conceive any advantage Belg might possibly derive Sabena's air service Warsaw, commercially or otherwise, even assuming Sabena able and willing inaugurate concurrently with LOT such services Warsaw and maintain such services matching each LOT flight to Brussels. Brit argument in support desirability Belg service Warsaw appears to Dept unrealistic to point of disingenuity. Brit doubtless aware fact under present conditions Warsaw people whom Brit or US might wish assist could not be "gotten in and out in hurry" via flights commercial carrier. While US does not wish impose its views on UK Emb shld make clear FonOff we have no intention grant LOT permission overfly US Zone Germany on Prague-Brussels sector of route.

(4) Paris' Niact 400 Jan 31 rptd as S5 to London.<sup>8</sup> Dept most disappointed Brit action in Paris. To say least, manner in which US has learned of apparent change procedure contemplated by Brit is curious and raises question whether Brit have reconsidered joint course action to which they have previously agreed. Feel substitution Western Union for previously agreed upon joint Anglo-US approaches to individual countries will delay and initially perhaps weaken policy, especially as Western Union not organized such matters.

<sup>6</sup> Not printed. It reported that the British Foreign Office felt that American and British representatives in Rome should be authorized to inform the Italian Government that United States-United Kingdom civil aviation policy toward Eastern Europe allowed for the possibility that Italy might find it necessary in aviation matters to treat Yugoslavia differently from the Soviet-controlled satellites of Eastern Europe (711.4027/1-2849).

<sup>7</sup> Not printed. It reported that the British Foreign Office was moving toward the view that the advantages of Sabena (Belgian National Airline) air service to Warsaw might outweigh the advantages of a LOT (Polish State Air Service) route to Brussels. The British felt it would be desirable to have Belgian commercial air flights penetrate the "iron curtain" and be able to "get people in and out of Warsaw in hurry" should Poland cut off British flights there (855.79660C/1-2949).

<sup>8</sup> Not printed. It reported on the sequence of circumstances which had prevented British representatives from joining with American officials in the previously agreed-upon parallel presentation of the U.S.-U.K. civil aviation policy regarding Eastern Europe to the French Government. Jefferson Caffery, the Ambassador in France, eventually made the American presentation to French Foreign Minister Robert Schuman on January 24. The Embassy in France had learned that the British Foreign Office was considering presenting the civil aviation policy to member-states of the Western European Union (711.4027/1-2249).

Brit reluctance act promptly Turk situation, their advocacy Belg-Pol exchange, their avoidance joint action in Paris, and apparent failure send instrs to all UK missions as we were led to believe they had done (Rome's 229 Jan 24, Embtel 345 Jan 28, Embtel 5442 Jan 1<sup>9</sup>), forces Dept reluctantly conclude Brit, for unexplained reasons, no longer prepared act this matter with determination and firmness which was underlying assumption our joint agreement and course of action. While nothing was further from mind US than to impose its views and policies on UK it is felt that as between friends and allies US entitled to immediate and unequivocal explanation Brit intentions this matter and Emb requested impress these views on FonOff and obtain without delay clearest possible answer re UK intentions implement joint Satellite aviation policy.<sup>10</sup> [Norton.]

ACHESON

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<sup>9</sup> None printed.

<sup>10</sup> Telegram 490, February 8, from London, not printed, reported that American misgivings regarding British actions and intentions in the implementation of satellite aviation policy had been given to the British Foreign Office. The Foreign Office expressed "surprise and deep regret" over the Department of State's conclusion that the British were not prepared to act with determination and firmness. The Foreign Office gave unequivocal assurances that the United Kingdom Government had not modified its previous full support for the desirability of a joint U.S.-U.K. course of action and objectives (711.4027/2-849).

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711.4027/2-849 : Telegram

*The Secretary of State to the Embassy in France*<sup>1</sup>

SECRET

WASHINGTON, February 8, 1949—8 p. m.

375. Reurtel 401 Jan. 31.<sup>2</sup> Dept not now prepared instruct Tel Aviv change instrs from info to action for fol reasons:

1. Dept doubts efforts induce Israelis terminate Czech Airlines' services would be successful at this time since Israelis would probably be reluctant take initiative and Israel not likely wish sever only scheduled internatl air connection. Dept does not wish suggest Israelis terminate this service when TWA or other scheduled carriers not in position resume service Israel.

2. In view above, believe effort should be concentrated first upon termination CSA services Greece and Turkey.

3. Dept hopes for increased Amer influence Israeli civil aviation through provision technical assistance various forms, thus giving US

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<sup>1</sup> Repeated to Tel Aviv, London, Bern, Athens, Ankara, and Cairo.

<sup>2</sup> Not printed. It inquired if, in view of the French and British *de facto* recognition of Israel and the possible early settlement of Arab-Israeli warfare, it would be appropriate actively to seek Israeli adherence to U.S.-U.K. civil aviation policy toward Eastern Europe (711.4027/1-3149).

more satis basis for approach Israel than now exists re implementation our policy.<sup>3</sup>

ACHESON

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<sup>3</sup> Telegram 966, March 14, from London, not printed, reviewed arguments for securing Israeli adherence to the civil aviation policy toward Eastern Europe (711.4027/3-1449). Telegram 902, March 17, to London, not printed, replied that the Department of State did not feel that the time was ripe for an approach to the Israeli Government, and that chances for a successful approach would be greater after Western air carriers resumed scheduled service to Israel (711.4027/3-1449).

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711.4027/2-1149 : Telegram

*The Ambassador in Belgium (Kirk) to the Secretary of State*

SECRET

BRUSSELS, February 11, 1949—6 p. m.

225. Embtel 186, February 3.<sup>1</sup> Loridan <sup>2</sup> states our note to Foreign Office re civil aviation policy toward satellites carefully studied and that Belgians agree "in principle with general line set forth therein." He said, however, that since objectives primarily concern security, entire problem should be examined by the permanent and military committees of Brussels pact powers in London with view adoption common stand. Loridan said under such circumstances Belgians envisaged US being represented in London by observers or technicians who could adequately present US views. He reiterated general Belgian agreement in principle to our approach but said Belgians would be unwilling to agree US-UK policy unless Dutch and French agree, [since?] objectives of policy would be vitiated and Belgium would be saddled with commitments which would not further curtailment of Soviet penetration and would give KLM and/or Air France competitive advantage.

For above reasons Belgians feel strongly that common agreement must be reached by Brussels pact powers and US and believe examination by London committees offered possibilities of speediest and most realistic solution.

Loridan said we would have note from Foreign Office on this in day or two and if other powers agree conversations in London could probably be initiated within week or ten days.

Sent Department 225; repeated Paris 34; London 16; Hague 15; Bern 4; pouched Berlin, Luxembourg.

KIRK

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<sup>1</sup> Not printed. It reported that the American and British Embassies had delivered notes that day to the Belgian Foreign Ministry regarding civil aviation policy with respect to Eastern Europe (711.4027/2-349).

<sup>2</sup> Walter Loridan, Director General of the Political Department, Belgian Foreign Ministry.



711.4027/2-1249: Telegram

*The Minister in Switzerland (Vincent) to the Secretary of State*

SECRET

BERN, February 12, 1949—10 a. m.

200. After consultation with British I called today noon FonOff, accompanied by Deak<sup>1</sup> and communicated to Zehnder<sup>2</sup> substance Department's circular instruction January 5,<sup>3</sup> expressing hope Swiss Government shares our viewpoint and would cooperate in course of action toward USSR, satellites. I previously agreed with British that (a) approach be made individually to avoid impression joint pressure: (b) initial step be taken by US with UK closely following; (c) approach be informal (i.e. without presentation of note or memo).

Solid foundation having already been laid during previous conversations with Zehnder re control export war potential goods to curtain countries (see Torep 67 to Paris January 19, repeated Department 96<sup>4</sup>). Zehnder's reaction to outlined policy and our request for Swiss cooperation was favorable. He apparently understood immediately underlying considerations and objectives and expressed view Swiss cooperation "can be arranged". Following points emerging from conversations should be recorded:

1. Memo paragraph 7 (a) and (b). Zehnder pointed out CSA only satellite airline operating to Switzerland. Upon query whether we desire any action this regard I assured him we do not ask for time being that Swiss disturb existing arrangement but expressed our hope service Zurich-Praha route would not be increased and CSA operations would be closely observed, especially re possible use Soviet crew members. He saw no difficulty in confining facilities for CSA as recommended in paragraph 7(b). Zehnder stated cornerstone Swiss civil aviation policy is true reciprocity; attempted air agreement negotiations by Hungarians, Rumanians, Bulgarians, Yugoslavs failed because those countries were unable or unwilling grant Swiss full reciprocity.

2. Paragraph 7(c). Zehnder stated measures for control of exports and reexports already in preparation pursuant previous talks we had with Swiss on trade in general with curtain countries. Switzerland not being major aircraft manufacturer (only few small sport planes being manufactured by Pilatus which reported no intention to export) only export of chronometers, precision instruments for aircraft need to be studied in light commitments in trade agreements with satellites. Principal problem is prevention reexport in transit trade which is difficult to control. Zehnder pointed out primary burden on original manufacturing countries and emphasized importance of coordination identical export policies by principal producers (US, UK, France).

<sup>1</sup> Francis Deak, Economic Officer and Attaché (for civil aviation affairs) at the Legation in Switzerland; also assigned to Athens, Belgrade, Bucharest, Helsinki, London, Paris, Praha, Rome, Sofia, Vienna, and Warsaw.

<sup>2</sup> Dr. Alfred Zehnder, Chief of Political Affairs, Swiss Political Department.

<sup>3</sup> See editorial note, p. 184.

<sup>4</sup> *Ante*, p. 65.

He conceded necessity Swiss cooperation through certification (either by Chambers Commerce or Federal Commerce Department). No period bona fide purchase and innocent ultimate destination of equipment bought by Swiss and expressed belief cooperative measures could be worked out.

3. Paragraph 7(d). Swiss having no major facilities, no action by Swiss required.

4. In connection list of satellites (memo paragraph 1) Zehnder inquired whether Yugoslavia still included. We replied that while possible reorientation general policy toward Yugoslavia under study, we do not yet feel Yugoslavia should be treated differently aviationwise from other satellites.

5. Zehnder asked implementation should not be discussed on working level (i.e. with Federal air officers) until he had chance discuss matter with Federal Council and prepare ground which he expects will take about eight days.

On whole, Zehnder's reaction was sympathetic; our impression is we can expect his advocacy of effective Swiss cooperation on an informal basis and discreet form.

Sent Department 200, repeated London 9, Paris 15, pouched Rome, Cairo, Moscow.

VINCENT

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711.4027/2-1449 : Telegram

*The Secretary of State to the Embassy in Belgium*<sup>1</sup>

SECRET

WASHINGTON, February 14, 1949—6 p. m.

159. Presentation US-UK Satellite aviation policy to Western Union for examination by permanent and military committees (ur 225 Feb 11<sup>2</sup>) might be desirable at later date, but to adopt such procedure now would, in Depts opinion, involve risk serious delay and perhaps even weaken policy since Brussels pact powers in London would, at present stage Western Union organization, be unable handle this complicated problem with expedition it requires. Common agreement by Brussels pact powers and US is, of course, objective of ref policy, which agreement Dept believes can and should be reached, at least for time being, as result individual adherence by each country. US would see no objection to referring mutually agreed upon policy to Western Union for overall coordination with security objectives that body at some later date if circumstances then prevailing suggest desirability such course.

Info addressee missions only, Dept puzzled recurrence this variation

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<sup>1</sup> Repeated to Paris, London, The Hague, Bern, Berlin, and Luxembourg.

<sup>2</sup> *Ante*, p. 191.

approach to problem (Paris' 400 Jan 31<sup>3</sup> and 441 Feb 2<sup>4</sup> to Dept; Depts 376 Feb 2 to London; <sup>5</sup> London's 490 Feb 8 to Dept<sup>6</sup>) which recently arose in connection joint approach to French. Since Brit (London's 490 Feb 8) have reaffirmed full UK support agreed policy Dept unwilling believe Belg suggestion inspired by Brit Emb Brussels. (Emb London requested inform Brit of US views first para above and request their support thereof vis-à-vis Belgs<sup>7</sup>).

Emb Brussels requested convey foregoing US views (first para) to FonOff and report their reaction. Emb Brussels also requested advise whether Loridan commented upon effect Belg acceptance "in principle" ref policy may be expected have on proposed exchange air rights with Poles.<sup>8</sup>

ACHESON

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<sup>3</sup> Not printed, but see footnote 8 to telegram 376, February 2, to London, p. 189.

<sup>4</sup> Not printed; it reported that British officials preferred to postpone working level discussions among Americans, British, and French on implementation of Eastern European civil aviation policy (711.4027/2-249).

<sup>5</sup> *Ante*, p. 188.

<sup>6</sup> Not printed, but see footnote 10 to telegram 376 to London, p. 190.

<sup>7</sup> Telegram 594, February 16, from London, not printed, reported that the Embassy had presented the American position as outlined here at a meeting with British Foreign Office representatives. The British agreed on the desirability of handling Eastern European aviation policy at the initial stage on a bilateral basis with Western European governments, particularly until a favorable reaction was received from the French (711.4027/2-1649).

<sup>8</sup> Telegram 249, February 16, from Brussels, not printed, reported that the Department of State's views as outlined here were conveyed to Director General Loridan who could not give a formal reply but who reiterated most the arguments reported upon earlier in telegram 225, February 11, from Brussels, p. 191. The Belgians appeared to be inclined to feel that an exchange of air rights with Poland would not conflict with U.S.-U.K. civil aviation policy toward Eastern Europe (711.4027/2-1649).

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### *Editorial Note*

During February and early March, several Middle Eastern governments indicated a willingness to adhere to the United States civil aviation policy toward Eastern Europe. Telegram 53, February 9, from Damascus, not printed, reported that the Syrian Government had given its oral concurrence with the policy (890D.796/2-949). Telegram 71, February 16, from Beirut, not printed, reported that the Lebanese Council of Ministers had decided to cancel the temporary landing permit previously granted to the Czechoslovak Airlines (711.4027/2-1649). Telegram 240, March 2, from Tehran, not printed, reported that the Iranian Foreign Minister had stated that his government was in full accord with the American-British civil aviation policy toward Eastern Europe (760F.9127/3-249).



711.4027/4-849 : Telegram

*The Secretary of State to the Embassy in Italy*

SECRET

WASHINGTON, April 13, 1949—1 p. m.

689. View further developments since Depcirgram Mar 14, 1949<sup>1</sup> and in light Belgrade's 329, Mar 29,<sup>2</sup> Dept believes in implementation US civil aviation policy toward USSR and Satellites (Depcirins Jan 5, 1949<sup>3</sup>) some distinction might now be safely contemplated between air operations Yugo and other satellites, far as Italy concerned. (Urtel 1025 Apr 8.<sup>4</sup>) Emb therefore authorized inform FonOff, provided Brit Amb perceives no objection, US, mindful Itals somewhat specialized relations vis-à-vis Yugo, sees no present reason why Itals shld not proceed discuss with Yugos, in prelim and non-committal manner, possibilities exchange of commercial air rights on limited and strictly reciprocal basis; that since Yugo situation, as Itals well aware, still highly fluid, US suggests Itals move with caution and refrain from definite commitment to negotiate and indicate only willingness listen to Yugo proposals.<sup>5</sup>

<sup>1</sup>Not printed. It stated that the Department of State had carefully studied the proposal that Italy might be encouraged to differentiate between Yugoslavia and the Soviet satellites in Eastern Europe in aviation matters. The Department concluded that, in view of the continuance of a large Soviet interest in the joint Soviet-Yugoslav state airline JUSTA (Yugoslav-Soviet Civil Air Transport Joint Stock Company), Yugoslavia should continue to be regarded in the same category as the satellites with respect to aviation matters. The Department promised to re-examine the matter when there was evidence of a decrease in the Soviet interest and control in JUSTA (711.60H27/3-1449). In late February the Italian Government stated that it was entirely in accord with the objectives of the United States civil aviation policy toward Eastern Europe.

<sup>2</sup>Not printed. It reviewed available information on the status of JUSTA. JUSTA ceased to exist as a scheduled air carrier in September 1948, although some unscheduled JUSTA flights occasionally made and inactive Soviet-built JUSTA aircraft remained at Belgrade. The few current scheduled Yugoslav commercial flights were conducted by the Yugoslav state airline JAT (Yugoslav Air Transport Company) using American-built aircraft. The Embassy concluded that it was impossible to establish any large Soviet interest in the Yugoslav airline and believed that the Soviet Union was in no position to exercise control over Yugoslav civil aviation (860H.79661/3-2949).

The Yugoslav Government proposed the liquidation of JUSTA and other Yugoslav-Soviet joint stock companies in a note of March 16, 1949, to the Soviet Government. The Soviet Government promptly agreed, and measures for the liquidation were agreed upon at meetings in early June 1949 between Yugoslav and Soviet representatives.

<sup>3</sup>See editorial note, p. 184.

<sup>4</sup>Not printed. It reported that the Italian Government had recently received a Yugoslav request to negotiate a bilateral civil aviation agreement. The Italian Foreign Ministry wished to know the Department of State's latest views on civil aviation policy toward Yugoslavia (760H.6527/4-849).

<sup>5</sup>Telegram 1339, May 6, from Rome, not printed, reported that the British had no objection to Yugoslav-Italian discussions along the lines defined in this telegram (711.4027/5-649). Telegram 1546, May 25, from Rome, not printed, reported that the Department of State's views had been communicated to the Italian Foreign Ministry (711.4027/5-2549).

Info addressee missions only, instrs contained Deptcirgram Mar 3, 1949<sup>6</sup> not affected by foregoing.

Sent Rome, rptd Belgrade, London and Bern by cable.

ACHESON

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<sup>6</sup>Not printed. It informed the Embassy in Rome and 21 other missions that the revised United States economic policy toward Yugoslavia would not involve any modification of American civil aviation policy toward Yugoslavia and that there would be no relaxation of the restrictions against the export of aviation equipment to Yugoslavia (660H.119/3-849). For documentation on the revised economic policy toward Yugoslavia, see pp. 854 ff.

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711.4027/4-2849 : Telegram

*The Ambassador in the United Kingdom (Douglas) to the Secretary of State*

SECRET

LONDON, April 28, 1949—6 p. m.

1644. 1. Recent developments indicate British, Belgian, Dutch and perhaps other governments have little or no apprehension over scheduled or irregular flights to Western Europe by satellite aircraft, so long as western controlled airlines are permitted reciprocal rights by satellites. This situation may well lead further misunderstanding between US and UK and other Western Europe Governments as evidenced in recent Hungarian chicken flight,<sup>1</sup> and may continue undermine effectiveness joint US-UK instruction and memo on satellite aviation policy. Embassy believes situation calls for careful review US policy this connection and submits following comments:

NSC-15 and joint US-UK instruction and memo on satellite aviation policy set forth combination of political, economic and military security objectives.<sup>2</sup> None of these documents assesses precise relative importance each of these factors (in part, of course, because they overlap to some extent).

NSC-15 appears place considerable emphasis on commercial civil aviation objective with particular reference in ability US obtain access for its airlines to USSR.

One of conclusions and Paragraphs 1 and 3 of recommendations NSC-15 indicate US would be willing see Soviet airline operate Western Europe, and even to US, once USSR grants reciprocal privi-

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<sup>1</sup>It became known in March that the Hungarian Government was seeking permission for a single Hungarian airline (MASZOVLET) flight from Budapest to Amsterdam carrying a cargo of breeding poultry. Permission was also sought from the United Kingdom to overfly the British zone of occupation in Germany. Despite American representations, the Netherlands Government approved the Hungarian flight in return for a later reciprocal KLM flight to Budapest. The United Kingdom also gave permission for the overflight of its zone in Germany despite Embassy protestations to the Foreign Office that the action was in conflict with the joint American-British civil aviation policy toward Eastern Europe. The considerable exchange of messages on this matter are included in Department of State file 862.79964.

<sup>2</sup>Regarding the documents under reference here, see editorial note, p. 184.

leges. US presumably would not hold this view if military security implications were considered controlling factor.

2. In view foregoing, Embassy suggests Department initiate urgent high level review NSC-15 in order determine in light of present political, economic and strategic situation and in view experience gained in course effort implement policy, (1) which of following is at this time basic objective of Western Europe transport aspect policy and (2) relationship of answers this question to future status satellite aviations policy as a whole.

(a) Gain access for US civil aircraft to USSR proper.

(b) So far as possible limit use of aircraft by satellites for both political and economic purposes.

(c) Insure maximum military security of Western Europe.

3. Following Embassy comments apply corresponding alternative objectives outlined above.

(a) British, Dutch, Belgians and probably others are willing exchange flights with satellite carriers. Appears highly unlikely US can expect them modify their position in order promote commercial interests US carriers.

(b) British and apparently others firmly believe it is at least as important have western controlled airline access to satellite countries as to "contain" satellite aircraft. British view based *inter alia* on belief that air communications between east and west needed in order fully promote economic recovery Europe. They also feel satellite air transport offers little if any significant advantage to Communist agents not already available through other means.

(c) Foreign Office source has indicated British JCS<sup>3</sup> have shown minimum concern over security implications satellite operations Western Europe and they believe any security threat is outweighed by advantages accruing to UK as result opportunity British aircraft to fly into satellite territory.

4. If, after review suggested 2 above, US determines military security aspects this problem are paramount, Embassy believes approach to British should be made, in first instance, through military channels, possibly combined chiefs. Assuming British concurrence, problem might then be broached other governments through western union military committee or Atlantic treaty organization when set up.

If study suggested 2 above shows US objectives (regarding Western European section satellite policy) are primarily political and economic, Embassy believes US must decide whether at this stage air transport "containment" is consistent with our political and economic policies in other respects toward satellite area. If US believes it is consistent with such policies, we must then devise means convincing British, Dutch, Belgians and others of this position, in face their unwillingness concur US views and their desire exchange reciprocal

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<sup>3</sup> The reference here is presumably to the British Chiefs of Staff.



flights with satellites in order promote what they consider to be their own political and economic interest.<sup>4</sup>

Repeated Paris 307, Bern 34, pouched Brussels, Hague, Warsaw, Budapest, Frankfurt.

DOUGLAS

<sup>4</sup>Telegram 1485, May 2, to London, not printed, stated that the Department of State found the message printed here helpful and appreciated and that the problem was receiving full attention. It was suggested that the Embassy inform the Foreign Office that the United States was seriously concerned over the situation and urged the British to "hold line" pending further discussions on the subject (711.4027/4-2849).

711.4027/6-649

*Memorandum of Conversation, by the Acting Chief of the Aviation Division (Carter)*<sup>1</sup>

SECRET

[WASHINGTON,] May 5, 1949.

Participants: EUR—Mr. Thompson, Deputy Director <sup>2</sup>  
 BC—Mr. Satterthwaite, Chief <sup>3</sup>  
 SE—Mr. Barbour, Chief <sup>4</sup>  
 NOE—Mr. Hulley, Chief <sup>5</sup>  
 EE—Mr. Reinhardt, Chief <sup>6</sup>  
 SWE—Mr. Unger, Acting Chief <sup>7</sup>  
 GA—Mr. Kidd, Foreign Affairs Specialist <sup>8</sup>  
 EUR/TRC—Mr. Hill <sup>9</sup>  
 NEA/TRC—Mr. Thayer <sup>10</sup>  
 ARA/TRC—Mr. Nolan <sup>11</sup>  
 ARA/S—Mr. Oakley <sup>12</sup>  
 AV—Mr. Carter, Acting Chief <sup>13</sup>

<sup>1</sup>The source text was included as the enclosure to a circular instruction of June 6, 1949, sent to 68 missions. The instruction itself, not printed, merely explained that the memorandum was being transmitted for the information of the mission officers in connection with the policy set forth in the instruction of January 5 (see editorial note, p. 184). With the exception of the difference indicated in footnote 22, p. 203, the source text is identical with the memorandum originally drafted by Carter on May 5.

<sup>2</sup>Llewellyn E. Thompson, Deputy Director of the Office of European Affairs.

<sup>3</sup>Livingston L. Satterthwaite, Chief of the Division of British Commonwealth Affairs.

<sup>4</sup>Walworth Barbour, Chief of the Division of Southeast European Affairs.

<sup>5</sup>Benjamin M. Hulley, Chief of the Division of Northern European Affairs.

<sup>6</sup>George Frederick Reinhardt, Chief of the Division of Eastern European Affairs.

<sup>7</sup>Leonard Unger, Acting Chief of the Division of Southwest European Affairs.

<sup>8</sup>Coburn B. Kidd of the Division of German and Austrian Affairs.

<sup>9</sup>John L. Hill of the Aviation Division of the Office of Transport and Communication.

<sup>10</sup>Robert A. Thayer of the Aviation Division of the Office of Transport and Communication.

<sup>11</sup>Charles P. Nolan, Assistant Chief of the Aviation Division.

<sup>12</sup>Raymond K. Oakley.

<sup>13</sup>Thomas T. Carter, Acting Chief of the Aviation Division.

The purpose of this meeting, Mr. Thompson explained, was to consider ways and means of getting NSC 15/1<sup>14</sup> back on the track following its recent derailment by the British.

At Mr. Thompson's suggestion, Mr. Carter reviewed the course of events which led to the adoption of our present policy by the National Security Council last July, summarized its objectives, and outlined the implementation difficulties which have culminated in the present impasse with the British. The Department has been convinced from the outset, and has had no reason to change its belief, Mr. Carter said, that full U.K. cooperation is essential to the effectiveness of the "common front" course of action recommended by the NSC. Accordingly, our initial effort to secure the "all for one and one for all" agreement of non-curtain states to establish a counter-curtain of the air was directed to lining up the British. This first hurdle has proved difficult to clear.

We presented our views to the British on July 19, 1948.<sup>15</sup> Their reply, which was not forthcoming until October 1, 1948,<sup>16</sup> reflected deep-seated disagreement with the U.S. proposed policy:

1. They did not share the U.S. assessment of the relative importance of the political and security factors involved;

2. They were unwilling to give up their service to Praha and to Warsaw, to the continuance of which they attached considerable political importance;

3. They believed that lines of communication between Western Europe and the satellite countries should not only be maintained but, wherever possible, improved;

4. They did not think any great improvement in general security would result from the prohibition of Soviet controlled flights outside the iron curtain; from a purely military point of view, the advantages to be gained would be of secondary importance;

5. They thought the policy might be extremely difficult to coordinate with the other countries whose cooperation would be required.

Since it appeared that the British dissent was focussed primarily upon the applicability of the policy in Western Europe and that the U.K. was apparently less opposed to restrictive action against air transport operations of satellite carriers to the Middle East and were in agreement with our proposed embargo on sales of aviation equipment, the Department, following the "half-loaf philosophy," decided to attempt to nail down those aspects of the policy with which the British were apparently in accord and argue the obviously contentious question of Western Europe later. Protracted bickering ensued before the British finally agreed in January of this

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<sup>14</sup> Regarding the document under reference, see editorial note, p. 184.

<sup>15</sup> The views under reference here were presented in an *aide-mémoire* of July 19, 1948, from the United States Embassy in the United Kingdom to the British Foreign Office; for text, see *Foreign Relations*, 1948, vol. iv, p. 457.

<sup>16</sup> The reply under reference here was transmitted in telegram 4340, October 1, 1948, from London, *ibid.*, p. 467.

year to join with us in a modified course of action. The U.S.-U.K. agreed policy called for outright prohibition of sales of all aviation equipment, but a somewhat diluted containment of satellite air transport operations in both Western Europe and the Middle East which looked toward restriction of, but did not demand the complete blocking of, Soviet/satellite egress as envisaged in NSC 15/1.

Our joint approaches were launched more or less simultaneously and for the most part jointly. In general, the reaction of third countries was favorable. However, in recent weeks we began to detect signs of British reluctance to push hard for speedy and full cooperation of other non-curtain states and our misgivings were accentuated when (1) the British, despite our strong protests, cleared a Hungarian special flight to Amsterdam via the British zone in Germany<sup>17</sup> and (2) refused to join with us in persuading the Belgians to turn down a LOT (Polish) request for a reciprocal Warsaw-Brussels scheduled air service. Embassy London's strong representations to the Foreign Office succeeded only in confirming our increasing suspicions that the British are now unwilling, if indeed they ever were, to pay more than lip service to even the modified policy agreed upon in January and that a wide chasm separates our respective interpretations of the terms of our agreed course of action, particularly with respect to Western Europe.

Mr. Carter concluded by saying that we now appear to be faced with the necessity of deciding whether to exert considerably stronger pressure upon the British at a higher level to attempt to bring them into line with our thinking, or to modify our own position; that since NSC 15/1 is based so predominantly upon political and security considerations a reassessment of the relative importance of these factors in the light of overall developments since July 1948 might well be undertaken before such a decision is made.

Mr. Thompson referred to several points in Embassy London's recent cable (1644, April 28<sup>18</sup>). London's comment that "NSC 15/1 appears to place considerable emphasis on commercial civil aviation objectives with particular reference to the inability of the US to obtain access for its airlines to the USSR" and that "it appears highly unlikely the US can expect the British, Dutch, Belgians and others who are willing to exchange flights with satellite air carriers to modify their positions in order to promote commercial interests of US carriers" reflected a lack of understanding somewhere along the line, he thought, since we do not anticipate being able to obtain access to USSR territory and in fact would have serious doubts as to the commercial advantages of such operations even if we were successful in

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<sup>17</sup> Regarding the proposed Hungarian cargo flight to Amsterdam under reference here, see footnote 1 to telegram 1644 from London, p. 196.

<sup>18</sup> *Supra*.



obtaining such access. Mr. Reinhardt concurred and pointed out that even satellite air carriers are not permitted by the Soviet to operate into USSR territory. Mr. Carter said he was puzzled by this comment of the Embassy since, although the restrictive action recommended in NSC 15/1 is *related* to the objective of opening up Soviet air space to non-curtain states desiring such ingress, the policy document makes clear that the U.S. believes there is no likelihood in the foreseeable future of attaining this objective. Mr. Satterthwaite thought that the misconception reflected in London's comment was traceable to the skepticism of the French and other W.E. countries concerning the disinterest of the U.S. in the commercial aspects of penetration which arose when we failed to do anything to jeopardize PanAm's operations into Praha. He said that if we had stopped the Czechs from operating over our zone in Germany and thus risked the counter-blocking of PAA's flights into Czechoslovakia, our contention that we thought little or nothing of the commercial possibilities of flights into Soviet controlled states would have been more convincing.

Mr. Thompson thought a second point contained in London's referenced cable also called for clarification: The contention that "it is at least as important to have Western airlines gain access to satellite countries as to 'contain' satellite aircraft is based on the British view that air communications between the East and the West are needed in order to fully promote economic recovery in Europe." He thought that since the East and the West were doing very little business requiring air travel, there was little, if any, substance to the British contention. There was general concurrence with Mr. Thompson's view.

Mr. Thompson said he thought we ought to consider several possibilities before going to the mat more heavily with the British:

- 1) Request the views of the JCS as to the importance of the security considerations underlying our policy. He thought that while there were advantages and disadvantages in pursuing this line, we probably ought to re-check the U.S. military views, particularly since we have had no expressions of interest from NME in this problem since Mr. Forrestal's letter to the Secretary last fall which emphasized NME's serious regard of the dangers inherent in the continued expansion of Communist controlled air services.<sup>19</sup> Another reason for securing a fresh quotation from our Armed Services, he thought, was the possibility that the U.S. military may have concurred in NSC 15/1 last July under the mistaken impression that the objective of the policy was to secure access to the USSR.

- 2) Throw the whole problem into the Atlantic Pact arena. The

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<sup>19</sup> The reference here is presumably to a letter of September 8, 1948, from then Secretary of Defense James V. Forrestal to the Secretary of State, not printed. The letter called attention to intelligence reports regarding recent activities by Communist-controlled air services. Secretary Forrestal emphasized the National Military Establishment's serious regard for the dangers inherent in such activities (711.4027/9-848).

trouble with this thought was that the Pact machinery is not yet ready and probably will not be for sometime.<sup>20</sup>

3) Attempt to have our policy considered in connection with Brussels Pact objectives. Here again, the difficulty was that the necessary machinery to ensure consideration of our problem without long delay has not been established.

Mr. Thompson said he was inclined to favor the first course of action: the JCS approach. If we adopt this procedure we could (a) secure the U.S. military views and then go back to the British with heavier pressure (assuming the U.S. military still endorse NSC 15/1), or (b) we could ask the U.S. military to communicate their views to the British. Mr. Thompson thought that the timing of our next moves was particularly important. We probably would not want to take any drastic action one way or the other until the results of the approaching CFM meeting can be seen. It might be six weeks or longer, he thought, before we could see where CFM leads us. He therefore thought we ought to avoid pressurizing the British at this time, but to seek the views of the JCS, preferably as indicated in (a) above.

In the meantime he thought we ought to tell London that:

1. We are checking the security aspects of the policy with the JCS;
2. They should attempt, in their discretion, to straighten the British out on the several rebuttable points mentioned in London's recent cable;
3. We don't want to jeopardize the measure of success we have had with our policy in the Middle East and in blocking sales of aviation equipment;
4. They should avoid giving the British the impression, in debating further the points mentioned in 2 above, that we have embarked on all-out effort to bring them into line.<sup>21</sup>

Mr. Thompson requested general discussion on the question of whether we should continue to pursue our general objectives in Western Europe. Mr. Reinhardt said he liked the Atlantic Pact idea; that there was some question in his mind as to how far we should go in telling Western European countries what is good for their own security; that while NSC 15/1 attempts to bring out the idea of collective security, our policy would be more salable if it were adopted by Pact military people. Mr. Hulley thought that if the Western European countries, like the British, were not fully convinced in their own hearts of the necessity of NSC 15/1, or even its modified version, there was not much hope of winning them over no matter how forceful our representations.

<sup>20</sup> For documentation on the North Atlantic Treaty Organization, see vol. iv, pp. 1 ff.

<sup>21</sup> A telegram along the lines described here was sent to London as 1593, May 10, not printed, repeated to Bern, Paris, The Hague, Brussels, Frankfurt, Warsaw, and Copenhagen (711.4027/4-2849).

Mr. Carter mentioned that whereas our previous attempts to secure the cooperation of non-curtain states have been based in part upon our expressed willingness to exert zonal control over satellite air operations, and that therefore the entire burden of blocking Soviet controlled aircraft did not rest upon the Western European and Middle East countries exclusively, the plan the Department is currently considering for a federalized Germany, with elimination of zonal boundaries for political purposes, would eliminate the possibility of any further zonal control and that therefore the full weight of stopping the satellites would presumably then rest upon our friends. He expressed the fear that if this materialized our difficulties of implementation might be increased.

. . . . .

Mr. Thayer observed that NEA was in full support of our satellite aviation policy as it applied to the Middle East. The success of the policy in that area demonstrates that the Middle East states are convinced of the desirability of restricting satellite air operations, perhaps for different reasons in the case of specific countries, and the United States and United Kingdom representations to the various countries had undoubtedly lent support to the conclusions which those countries had reached, in some cases on their own initiative. The problem of the Czech Airline operations to Israel was mentioned as one which might require special treatment. Mr. Thayer said that NEA would not want to see the policy or the implementation process modified without thorough consideration of the possible adverse consequences of such modification on the process of implementation in the Middle East which has been so successful to date. If the proposed military review of the security implications of satellite aviation operations should result in a de-emphasis of the security factor in so far as Western Europe is concerned, the somewhat different conditions existing in the Middle East should be borne in mind since our representations to the Middle Eastern states in support of our policy have been based primarily upon our great interest in the security of the Middle East area.<sup>22</sup>

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<sup>22</sup> The paragraph printed here was included in the source text as a result of a request contained in a memorandum from Thayer to Carter, May 27, not printed (711.4027/6-649). In the original version of this memorandum drafted by Carter on May 5 (see footnote 1, p. 198), this paragraph read as follows:

"Mr. Thayer said that NEA is in favor of what has been done so far in the Middle East and would be opposed to any relaxation of our efforts to block satellite air operations to Western Europe if our accomplishments to date in the Middle East areas were thereby jeopardized. If the U.S. military review results in the conclusion that we do not have the security threat we thought we had, we should be very careful, in NEA's opinion, not to let the Greeks and the Turks, et al know of this swerve lest we lose the ground won in the NEA area."



Mr. Thompson summarized the conclusions set forth in the proposed telegram to London (above), and the meeting adjourned.

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711.4027/6-149

*The Acting Secretary of State to the Secretary of Defense (Johnson)*

SECRET

[WASHINGTON,] June 1, 1949.

MY DEAR MR. SECRETARY: The National Security Council approved in July 1948, a policy paper (NSC 15/1) entitled "U.S. Civil Aviation Policy Toward the U.S.S.R. and its Satellites".<sup>1</sup> The objectives of this policy are to "contain" the civil air operations of the U.S.S.R. and its Satellites and to prevent the sale of aircraft and aviation equipment to these countries. The Secretary of State was directed to coordinate the implementation of this policy which called for attempts to enlist the cooperation of other non-curtain states on a "common-front" basis.

The Department has been reasonably successful in obtaining agreement to prohibit sales of aircraft and aviation equipment and in "containing" Soviet and Satellite civil air operations in the Near East Area. We have failed, however, to obtain British agreement to the full implementation of this policy in Western Europe and are faced with failure of this policy in that area unless British cooperation can be obtained. British opposition appears to be based on the fact that they do not share our assessment of the security and political factors involved and attach importance to the penetration of Soviet-controlled territory by Western European air carriers.

We are now confronted with the decision whether to exert heavier pressure upon the British at higher levels to obtain their cooperation. The Department considers that before making such a decision, it would be advisable to secure the current views of the Joint Chiefs of Staff as to the extent to which security factors justify further efforts to implement this policy in Western Europe, despite British opposition.

It is therefore requested that you transmit to the Joint Chiefs of Staff the request of the Department for an expression of their views. It is believed that the attached background memorandum<sup>2</sup> will be of assistance to the Joint Chiefs of Staff in their consideration of this matter.

Sincerely yours,

JAMES E. WEBB

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<sup>1</sup> Regarding the paper under reference, see editorial note, p. 184.

<sup>2</sup> The three page memorandum under reference here, dated May 20 and prepared by the Department of State, is not printed. It summarized the points made in the memorandum of conversation by Carter, May 5, p. 198.

711.4027/6-2949 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*<sup>1</sup>

SECRET

WASHINGTON, June 29, 1949—8 p. m.

2239. Re Belgrade's 599 June 18,<sup>2</sup> Bern's 971 June 20,<sup>3</sup> Paris' 2579 June 22,<sup>4</sup> and Rome's 1926 June 25.<sup>5</sup>

For background info addressee missions only, general Satellite civil aviation policy currently under review and since present thinking in Dept is that policy shld be relaxed, at least insofar as Yugo concerned, will probably be referred NSC near future. While Depts present views re Yugo are that Western Eur states at least, and perhaps US as well, shld now consider desirability of allowing, and possibly even encouraging, exchange civil air rights with Yugo, Dept does not desire divulge such views other countries until NSC review general policy, including somewhat special case Yugo completed. It is of course appreciated that if Itals, Swiss, French, et al. insist upon following extremely loose interpretation para 7 (a) joint memo Depcirins Jan 5<sup>6</sup> adopted by Brit, they could argue present US-UK policy permits acceptance Yugo proposals. Pending NSC review Dept desires continue maintain its consistent position that joint policy shld not be construed to permit acceptance present Yugo overtures.

Despite awkwardness situation with which Dept presently confronted, Brit, Swiss, Itals and French shld be informed only that US currently examining desirability placing Yugo in separate category as possible exception to present general civil aviation policy toward Sov bloc; that until current review this possibility completed, which Dept believes will be in near future, US hopes they will avoid definite commitments engage in formal negots but express their willingness listen sympathetically full details Yugo proposals. With specific reference to imminent Yugo-Ital discussions Itals shld be informed Dept sees no reason why talks shld not be held July 8 so long as discussions

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<sup>1</sup> This telegram was also sent to Bern, Rome, and Paris and was repeated to Belgrade, Vienna, and Frankfurt.

<sup>2</sup> Not printed. It reported that Yugoslav Assistant Foreign Minister Aleš Bebler had inquired of British Ambassador Charles Peake of the possibility of opening discussions regarding a Yugoslav-British air agreement. Peake told Bebler that the British would be interested but only if the Yugoslavs were prepared to discuss the matter with the United States at the same time (741.60H27/6-1849).

<sup>3</sup> Not printed. It reported that Swiss and Yugoslav officials had discussed the feasibility of Zurich-Belgrade air services (854.79660H/6-2049).

<sup>4</sup> Not printed. It asked for urgent instructions relative to Yugoslav overture to the British on a possible air agreement. Such instructions were needed in view of probable necessity of consulting with the French Government regarding such an agreement (711.60H27/6-2249).

<sup>5</sup> Not printed. It reported on Yugoslav efforts to initiate negotiations with the Italian Government for a civil aviation agreement (760H.6527/6-2549).

<sup>6</sup> See editorial note, p. 184.

are not considered official negots but only further exploratory conversations.

All foregoing pertains only to air transport aspects civil air relations Yugo. Info addressee missions only, while Dept also studying possibilities relaxation restrictions upon sales of aviation equipment Yugo it is felt this problem will likewise require further consideration in NSC review; meantime, instrs contained Depcirgram March 18, 1949, 11:10 a. m.<sup>7</sup> continue in effect.

ACHESON

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<sup>7</sup> Not printed. See footnote 6 to telegram 689, April 13, to Rome, p. 196.

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711.4027/7-2049

*The Under Secretary of Defense (Early) to the Secretary of State*

SECRET

WASHINGTON, July 20, 1949.

MY DEAR MR. SECRETARY: Pursuant to the request in your letter of 1 June 1949,<sup>1</sup> I have obtained the following statement of views by the Joint Chiefs of Staff on the military considerations involved in the present situation between the United States and other states outside the area of Soviet control, and the USSR and its satellites in relationship to civil aviation:

The ultimate end sought by the policy statement in NSC 15/1, approved by the President on 13 July 1948, is the restriction of international civil air operation of the USSR and its satellites to their territories. This restriction is to apply only until those countries grant, on a reciprocal basis, operating rights in USSR-controlled territory to civil air carriers of the United States and other non-curtain states.

One of the implementing measures of the policy statement calls for multilateral effort to prevent the sale of aircraft and aviation equipment to the USSR and its satellites, an effort wholly in consonance with our announced policy objectives. The Joint Chiefs of Staff attach great importance to this measure because of the military security factors which are involved. The British apparently view the measure in the same light and are enforcing it. In addition, they have joined us in seeking compliance of the other nations, which are in a strategic position relative to the area of Soviet control, in enforcement of this measure.

The British, however, are not in complete agreement with the other implementing measures in NSC 15/1 which seek to "contain" the civil air operations of the USSR and its satellites. Their attitude apparently stems from doubt as to the extent to which security factors alone justify concerted efforts for the containment of such air operations. The British attach particular importance to the military advantage in the fields of intelligence, air transport, and communications which could result to them from reciprocal civil aviation penetration. In fact,

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<sup>1</sup> *Ante*, p. 204.



they believe that this probable military gain overrides the military security factors involved.

The Joint Chiefs of Staff believe that the implementing measures set forth in NSC 15/1 can be effective only if supported wholeheartedly by all of the nations concerned. They feel there is considerable merit in the British view that the "containment" policy cannot be justified solely on military grounds and that there are military advantages to be gained by such civil air penetration as may be arranged through bilateral agreements on a reciprocal basis, that is, the granting of landing rights in non-curtain states, including the United States, to Soviet satellite states in exchange for similar landing rights in satellite territory.

In view of these considerations, I feel that a review of United States civil aviation policy as set forth in NSC 15/1, should be undertaken by the National Security Council at an early date. Such a review should include re-examination of both political and security factors and should give consideration to the probability of the United States and certain nations in western Europe achieving, through bilateral agreements, reciprocal aviation rights in Soviet Satellite countries.

It seems to me that it would be extremely helpful in reviewing this matter in the National Security Council to have the views of the civil aviation agencies of the United States Government. I should therefore like to propose to you that the following question might be appropriate for consideration by the Air Coordinating Committee:<sup>2</sup>

"Without reference to military and foreign political security factors and viewed solely from the standpoint of our national objectives and policies in the field of international civil aviation, what are the views of the Air Coordinating Committee with regard to the desirability of negotiating air transport agreements with the satellite states under which United States flag carriers will operate currently certificated routes into these countries and under which their national airlines will be permitted to operate into the United States?"

Provided with an answer to this question by the Air Coordinating Committee, I believe that the National Security Council will be in a better position to consider such policy statements as may have been proposed by the Department of State in order to review NSC 15/1. I am informing the Executive Secretary, National Security Council, of my proposal as to the method of handling this problem.

I think you will agree that decision as to United States course of action toward the British in regard to this matter should await the result of review by the National Security Council.

Sincerely yours,

STEPHEN EARLY

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<sup>2</sup>The Air Coordinating Committee was an interdepartmental committee formally responsible for coordinating United States Government policy in the field of aviation. The Committee was chaired by the Under Secretary of Commerce for Transportation and included the Under Secretary of State, the Under Secretary of the Navy, the Under Secretary of the Air Force, and the Chairman of the Civil Aeronautics Board.

S/S-NSC Files, Lot 63 D 351, NSC 15 Series

*The Secretary of State to the Executive Secretary of the National Security Council (Souers)*<sup>1</sup>

SECRET

WASHINGTON, August 4, 1949.

MY DEAR MR. SOUERS: In accordance with the policy recommended by the National Security Council, and approved by the President, in July 1948 (NSC 15/1<sup>2</sup>), the Department has been endeavoring to carry out certain restrictive actions in the field of civil aviation against the U.S.S.R. and its Satellites, including Yugoslavia.

In recent weeks the Department, in the face of increasing difficulty in fully implementing this policy, reached the conclusion that review of the policy was desirable and on June 1, 1949 requested the Secretary of Defense to secure the views of the Joint Chiefs of Staff concerning the present validity of the military security considerations underlying NSC 15/1. We have now received a reply from the National Military Establishment which indicates that the Joint Chiefs of Staff believe that the "containment" aspects of the policy cannot be justified solely on military grounds and that there are military advantages to be gained by such civil air penetration of Soviet controlled territory as may be arranged through bilateral agreements on a reciprocal basis. The Department is currently studying these views and expects in the relatively near future to present to the National Security Council recommendations for the modification of NSC 15/1.

I believe, however, that a more immediate problem confronts us. Since the Tito-Kremlin break, the Department has been considering the possibility of differentiating between Yugoslavia and the members of the Soviet bloc in the application of NSC 15/1 and, based on the attached analysis of the present situation, has now reached the conclusion that Yugoslavia should be placed in a category separate from the Soviet bloc and exempted from the restrictions against Satellite operations outlined in NSC 15/1.

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<sup>1</sup> This letter was distributed to the President and the other members of the National Security Council under cover of a brief memorandum of August 4 by Executive Secretary Sidney W. Souers. Souers recommended that the additional sub-paragraph to the Recommendations of NSC 15/1 (see the editorial note, p. 184) proposed by the Secretary of State, if adopted by the Council, be submitted to the President with the recommendation that he approve its incorporation in NSC 15/1. Souers requested that each Council member indicate his action with respect to the recommendation by completing and returning an attached memorandum approval form as expeditiously as possible (S/S-NSC Files, Lot 63 D 351 NSC 15 Series). National Security Council Record of Action 243, undated, not printed, indicates that as of August 15 the Council agreed to recommend to the President for approval the additional sub-paragraph to NSC 15/1 proposed by the Secretary of State. In agreeing to the recommendation, both the Secretary of Defense and the Secretary of the Air Force expressed the understanding that the proposed revision of NSC 15/1 would not control the export of aircraft and aircraft equipment (S/S NSC (Miscellaneous) Files, Lot 66 D 95, NSC Records of Action). The President subsequently approved the Council's recommendation on August 16.

<sup>2</sup> See editorial note, p. 184.

The urgency of the matter arises from the fact that several Western European Governments have been approached by the Yugoslav Government with a view to negotiating bilateral civil aviation agreements. These Governments have requested our views. We believe that a prompt reply should be given, since the accomplishment of our present policy objectives toward Yugoslavia would be adversely affected should it become evident to the Yugoslavs that the U.S. Government was blocking these negotiations.

I therefore suggest that NSC 15/1 be modified by the inclusion of an additional sub-paragraph immediately following paragraph 2(h) under "Recommendations" reading as follows:

"i. In view of the breach between Tito and the Kremlin and the evidence at hand that Soviet control of Yugoslav civil air operations has been eliminated, Yugoslavia should be exempted from the above restrictions so long as the present breach is maintained."

It will be appreciated if you will secure the concurrence of the other members of the National Security Council with this proposed change in NSC 15/1 as expeditiously as possible.

Sincerely yours,

DEAN ACHESON

[Enclosure]

*Memorandum Prepared by the Department of State*<sup>3</sup>

SECRET

[WASHINGTON,] June 12, 1949.

#### DISCUSSION

1. In accordance with a policy established by the NSC in July 1948 (NSC 15/1), we have been endeavoring, in cooperation with other like-minded countries, to carry out the following restrictive actions aviation-wise against the U.S.S.R. and its Satellites, including Yugoslavia:

- (a) To prevent their civil air operations outside the Soviet sphere;
- (b) To deny them exports of aviation equipment.

2. (A) Following the Tito-Kremlin break the US assumed a less restrictive export policy toward Yugoslavia than toward the other states of the Soviet sphere. This new policy, based on the considera-

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<sup>3</sup> The source text is virtually identical with the original version of this memorandum as sent from J. Paul Barringer, Deputy Director of the Office of Transportation and Communication, to Deputy Under Secretary of State Dean Rusk. The only differences between the two versions were the inclusion in the original of a single sentence statement of the problem and a concluding recommendation that the conclusions of the memorandum be referred to the National Military Establishment for concurrence. The original version of the memorandum was concurred in by Robert P. Joyce of the Policy Planning Staff and George C. McGhee, Assistant Secretary of State for Near Eastern and African Affairs.



tion that it is in the national interest of the US to keep the Tito regime in being, was confirmed by the adoption of NSC 18/2 in February 1949,<sup>4</sup> under which licensing of exports to Yugoslavia, including both 1-A and 1-B items, has been eased. Since February the gulf between Yugoslavia and the U.S.S.R. has deepened. Our policy, in so far as it is aimed at helping to prevent both a Tito-Cominform reconciliation and the replacement of Tito by a Moscow-dominated regime, has been successful.

(B) Our revised export policy, however, has not been accompanied by any modification of our civil aviation policy toward Yugoslavia which has continued to be based on NSC 15/1.

3. (A) In April of 1949 the Department informed the Italians that the United States, mindful of Italy's somewhat specialized relations vis-à-vis Yugoslavia, saw no reasons why Italy should not discuss with Yugoslavia, in a preliminary and non-committal manner, the possibilities of an exchange of civil air rights on a limited (short term) and strictly reciprocal basis.<sup>5</sup> This minor deviation from the restrictive measures called for by the civil aviation policy has been the only relaxation vis-à-vis Yugoslavia aviation-wise which the Department has approved.

(B) In recent weeks the Yugoslavs have renewed their offers to conclude a civil aviation agreement with the Italians and have made overtures to the . . . French and the Swiss looking toward the negotiation of similar agreements. In response to queries received by the Department from the latter countries concerning present US policy with respect to civil aviation dealings with Yugoslavia, the Department has so far limited itself to the statement that it was currently examining the desirability of considering Yugoslavia as an exception to its general civil aviation policy toward the Soviet bloc.<sup>6</sup>

4. (A) Several weeks ago the Department, in the face of increasingly evident British reluctance to cooperate wholeheartedly in the implementation of our overall Satellite aviation policy, particularly with respect to the restriction of Satellite civil air operations to Western European countries, reached the decision that a thorough review of this policy was desirable and on June 1<sup>7</sup> requested the Secretary of Defense to secure the views of the JCS concerning the present validity of the military security considerations underlying NSC 15/1. In view of the fact that the informal views of the JCS subsequently received<sup>8</sup> support the British contention that the restrictive measures recommended in NSC 15/1 are no longer justified on the basis of

<sup>4</sup> Not printed ; see editorial note, p. 868.

<sup>5</sup> See telegram 689, April 13, to Rome, p. 195.

<sup>6</sup> See telegram 2239, June 29, to London, p. 205.

<sup>7</sup> The reference here is to Acting Secretary of State Webb's letter of June 1 to the Secretary of Defense, p. 204.

<sup>8</sup> The reference here is to Under Secretary of Defense Early's letter of July 20 to the Secretary of State, p. 206.

the military security considerations involved, it is expected that the NSC will be requested in the near future to consider some relaxation of NSC 15/1, at least insofar as air transport operations between Eastern and Western European countries are concerned.

(B) Although it has been the Department's belief that review of our civil aviation policy toward Yugoslavia should be undertaken as a policy decision corollary to the anticipated high level review of our general civil aviation policy toward the Soviet bloc, it has become evident that it will be some weeks before it will be possible to complete the review of the overall policy and that immediate reexamination of our aviation policy toward Yugoslavia should be undertaken.

(C) The Embassy in Belgrade has urged that Yugoslavia be exempted from the strict application of NSC 15/1. The Embassy states that JUSTA, the former Soviet-Yugoslav airline controlled by the U.S.S.R., is now completely inactive and has been reduced to a paper status. It believes that Yugoslav air links with the West would have definite advantages for the West, less for Yugoslavia, and none for the U.S.S.R. and its Satellites.<sup>9</sup>

#### CONCLUSIONS

1. The elimination of Soviet ownership and control of Yugoslav civil air operations, combined with the evidence at hand of the deep rift between Tito and the Kremlin, warrant the placing of Yugoslavia in a category separate from the Soviet bloc and its exemption from the restrictions against Satellite civil air operations outlined in NSC 15/1. Consequently, the US should take the position that there no longer appears to be any valid reason why any non-curtain state should not, if it considers that political and economic advantages would result therefrom, enter into negotiations with Yugoslavia looking toward the conclusion of a limited (short-term) bilateral air transport agreement involving the reciprocal exchange of civil air rights.

2. The relaxed export policy outlined in NSC 18/2 should be equally applicable to the export of aviation equipment to Yugoslavia.

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<sup>9</sup> This paragraph summarized telegram 644, July 6, from Belgrade, not printed (711.4027/7-649).

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711.4027/8-2249 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*

SECRET

WASHINGTON, August 22, 1949—4 p. m.

2998. NSC 15/1 (Depcirins Jan 5, 1949<sup>1</sup>) has been amended by addition new para 2(i) Recommendations as follows :

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<sup>1</sup> See editorial note, p. 184.

"In view of the breach between Tito and the Kremlin and the evidence at hand that Sov control of Yugo civil air operations has been eliminated, Yugo shld be exempted from the above restrictions so long as the present breach is maintained."

Urgently so advise UK, and inform them that as result thereof, US proposes fol course action which it hopes UK will accept earliest possible:

(a) Exports aviation equipment to Yugo, including major overhaul wld be classified as 1A<sup>2</sup> and governed by established criteria aircraft between govts for processing such commodity requests.

(b) US believes that as long as relations Yugo and USSR family remain in present state of breach, and as long as no apparent Sov influence Yugo civil aviation, any non-curtain state that believes that polit and econ advantages outweighing on balance similar disadvantages inherent therein might result from exchange civil air rights with Yugo may appropriately exchange civil air rights with Yugo on reciprocal basis provided, however, that any such exchange be subj short term termination clause.

(c) US itself at present time perceives no danger US interests dealing with Yugo on such basis and proposes implement this new position on *ad hoc* basis as circumstances may indicate.

(d) However US fully appreciates certain countries will have own reasons not entering such agreements Yugo which may outweigh aspects of gain from pursuing relaxed policy in certain cases and affirms US position as not favoring exchange rights Yugo by any particular country unless balance all aspects exchanged indicate beneficial result to friendly state concerned.

Ask UK earliest accord this policy and indicate strong desire US and UK immed cabling instrs to action addresses Depcirins Jan 5 to notify immed govts to which accredited verbatim paras *a* to *d* above. Recommend discretion be given UK and US missions whether to make conjoint or separate approaches.

US proposes consider new policy in effect immed after US has notified like-minded govts.

Urgently cable UK reply.

ACHESON

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<sup>2</sup> In the United States program for the security control of exports to Eastern Europe and the Soviet Union, the export of commodities designated 1-A was completely prohibited. See footnote 2 to telegram 96, January 19, from Bern, p. 65.

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860F.796/8-3149 : Telegram

*The Secretary of State to the Embassy in Egypt*

SECRET

WASHINGTON, August 31, 1949—7 p. m.

866. Recent indications are that CSA (ref Depcirinstr Jan 5)<sup>1</sup> increasing pressure resume services to ME currently halted by Itals

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<sup>1</sup> See editorial note, p. 184.



and Greeks who have refused permit Czech flights this area.<sup>2</sup> Czechs recently approached Syrians for landing rights and are increasing pressure on Greeks to permit Czech aircraft make single round trip flight to Lydda purpose allegedly survey Czech air routes to ME.

For your confidential info only, Dept not certain how long complete Greek ban on Czech operations will remain in effect. Considered possible that since conditions existing at time Egyptians revoked CSA rights Cairo have now changed, Czechs might request Egyptians for route terminating or possibly through Cairo. Since Egypt party to Internatl Air Services Transit Agreement, it might prove difficult deny CSA technical stop Egypt on route to ME or African points. As long as Czechs possess landing rights in any Eastern Mediterranean state, Greeks and Turks, who are parties to Transit Agreement, subject to pressure by Czechs for transit privileges.

Pls consult Brit Emb re this matter and, providing you concur, suggests you undertake representations either separately or jointly with Brit, whichever you feel most effective, expressing hope that Egypt will continue refuse permit to CSA, and will deny Czech request, if presented, for transit rights on routes to African or Arab points. Emb will appreciate delicacy latter point view fact only landing rights in ME<sup>3</sup> now held by CSA are for Lydda, and Dept wld not wish encourage Egypt generally apply principle refusing transit rights to internatl carriers serving Lydda, as such wld hinder TWA operation to Lydda through Cairo. Emb shld bear in mind, in conversations with Brit and Egyptians, UK operation to Lydda need not go through either Greece or Egypt, as Cyprus available to UK.<sup>4</sup>

ACHESON

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<sup>2</sup> Throughout this period Czechoslovakia continued to seek the revocation of the May order of the Greek Government prohibiting landings in and transit over Greece by Czechoslovak aircraft. In late July Italy rejected a Czechoslovak proposal that the current Czechoslovak airline service from Praha to Rome be extended to Cyprus and Israel.

<sup>3</sup> Airgram A-512, September 14, to Cairo, not printed, stated that the phrase "only landing rights in ME" should have read "only landing rights in Near East". It was observed that the Czechoslovak airlines (CSA) continued to possess landing rights in Turkey under the Turkish-Czechoslovak air transport agreement (860F.796/9-1449).

<sup>4</sup> Telegram 581, September 12, from Cairo, not printed, reported that Chargé Patterson had broached the civil aviation matter with Egyptian Under Secretary of State Hassouna Pasha on September 8. Hassouna Pasha indicated that Egypt had and would continue to refuse Czechoslovak requests for air rights in Egypt. The Egyptian attitude appeared to be based not on antipathy to communism as much as to hostility to Czechoslovakia for having furnished military supplies to Israel (860F.796/9-1249).

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### *Editorial Note*

In a note of September 12 (transmitted to the Department of State in telegram 1237, September 13, and in despatch 489, September 14, both from Brussels, neither printed), Belgian Foreign Minister Paul

van Zeeland pledged his government's cooperation with the joint American-British civil aviation policy toward the Soviet Union and Eastern Europe. Van Zeeland indicated that Belgium would limit its aviation relations with the Soviet Union and its satellites to strict and effective reciprocity and would reserve the conventional arrangements which currently bound it. Belgium would continue adherence to this policy so long as it remained the basis for American-British aviation relations with Eastern Europe and provided it was adopted by Western European countries neighboring Belgium (711.4027/9-1349 and 9-1449).

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711.4027/9-2749 : Circular airgram

*The Acting Secretary of State to Certain Diplomatic and Consular Offices*<sup>1</sup>

SECRET

WASHINGTON, September 27, 1949.

Dept's airgram A-301, Sept 15, 1949, to New Delhi quoted for your info.

"Following for info and comment Emb New Delhi and Emb Karachi re US aviation policy toward USSR and Satellites (Depcirinst Jan 5 1949<sup>2</sup>).

Czech airlines showing increased interest penetration Middle East area. One major objective is to establish Czech routes to Pakistan and India.

CSA operations beyond Italy to Israel and Middle East currently blocked by (1) refusal Itals grant onward rights to Lydda; (2) by action Greek Govt, taken on political grounds, refusing any access by CSA to Greek airspace; and (3) by Turks refusing permit service beyond Turkey.

While Czech is a party to International Air Services Transit Agreement, Italy is not a party; Greek Govt prohibition on CSA flights is in retaliation against Czech assistance to Greek rebels. Normally, states adhering to transit agreement are obliged grant transit rights to airlines of other parties except in event airline concerned possesses no landing rights at points beyond territory of country being transitted.

The only states of Middle East area *not* parties transit agreement are Saudi Arabia, Iran, and Israel. Thus if Czechs obtain landing rights India or Pakistan, countries along route parties to transit agreement would be required to grant transit rights. US Govt would find it difficult to make representations, under present circumstances, to states along route with view influencing those states to refuse to live up to international obligations.

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<sup>1</sup> This airgram was sent to 17 missions in Europe, the Middle East, and Asia.

<sup>2</sup> See editorial note, p. 184.

Re possible routes by Soviet controlled airlines to India and Pakistan from Far East, China is not party to transit agreement therefore countries along route who are parties to transit agreement (Burma, Siam, Singapore (Brit adherence)) would not be required grant transit rights for scheduled services. (In case of nonscheduled services, Article 5 Convention on International Civil Aviation would apply since China is party thereto.)

View key position India and Pakistan outlined above in terms success our policy, Dept would appreciate your views earliest re desirability and effectiveness making formal representations India and Pakistan along lines set forth Depcirinst Jan 5, 1949 under reference."

WEBB

711.4027/9-2849 : Telegram

*The Chargé in the United Kingdom (Holmes) to the Secretary of State*

SECRET      PRIORITY

LONDON, September 28, 1949—6 p. m.

3888. A. Foreign Office has replied US proposal re status Yugoslavia in civil aviation (Deptels 2998, August 22<sup>1</sup> and 3272, September 9<sup>2</sup>) along following lines (Barringer bringing full text Foreign Office letter and copies pouched Belgrade and Bern) :

1. No security objection excluding Yugoslavia from scope our joint civil aviation policy to extent allow Yugoslav air services operate to western Europe without immediate reciprocity.

2. Any agreements with Yugoslavia covering such services should be capable immediate denunciation and should provide for reciprocity.

3. No objection to export civil aircraft and associated equipment to Yugoslavia provided (a) qualities and quantities are restricted to those necessary for operation of approved airlines, and to allow for reasonable development of air communications, and (b) no classified information or equipment above "restricted" is given Yugoslavia.

B. Embassy has discussed matter in detail with Foreign Office with following specific points emerging :

1. In A.1. above "without immediate reciprocity" means arrangement must include exchange reciprocal rights but other country need not actually operate to Yugoslavia.

2. At time Foreign Office letter written, points in section A above were JCS [*British Chiefs of Staff*] recommendations, generally endorsed by Foreign Office. Latter now advises it fully concurs JCS views in detail. Foreign Office also feels we should strongly urge any

<sup>1</sup> *Ante*, p. 211.

<sup>2</sup> Not printed. It stated that the proposed modification of civil aviation policy toward Yugoslavia did not envisage the exportation of military aircraft or components to Yugoslavia. The exportation of aviation equipment, parts, and fuels would be restricted to those minimum quantities required to maintain the Yugoslav civil aviation fleet at its current level (711.4027/9-949).



government entering air transport arrangement with Yugoslavia do so through exchange notes and avoid signing usual form bilateral.

3. In A.3. above "operation of approved airlines" intended mean "purpose approved by exporting country".

4. "Reasonable development" would allow for Yugoslav operation of additional services which might result from our modified attitude, and for improved standards Yugoslav operations if such felt desirable.

5. Since exports to be handled under 1-A procedure, question arises how limit to reasonable amount total aviation exports to Yugoslavia. If for example. Yugoslavia needs ten engines and asks four different countries for them, might she not get forty?

6. Timing of our respective approaches to third countries important. We must avoid presenting French and other cooperating countries with *fait accompli* in modifying our policy, particularly re exports equipment.

7. Difficulties will probably arise in attempt differentiate between civil and military use aircraft and parts.

8. Seems probable new attitude re air transport rights will meet with little or no objection and cause few difficulties. Problem re exports much more complicated and appears advisable proceed with more caution. Foreign Office proposes we inform other governments at once on air transport aspect (after resolving our own differences). They feel that re exports, however, our respective missions should be instructed sufficiently in advance to permit their informing other governments two weeks in advance date US and UK consider modified policy in effect.

C. Before further action can be taken, following questions must be answered. Does US agree with British viewpoint that:

1. Air transport arrangements with Yugoslavia should be effected by exchange of notes and not through bilateral agreements?

2. Such arrangements should be subject to "immediate" rather than "short term" cancellation?

3. Exports of civil aircraft and associated equipment may be permitted to extent necessary allow for reasonable development Yugoslav air communications?

4. Revised transport policy should be effective at once, but third countries should have two weeks advance notice revised policy re exports? <sup>3</sup>

D. New item. Yugoslav official told British Embassy Belgrade Yugoslavia considering joining ICAO. Foreign Office believes may be desirable warn Yugoslavia against signing two freedoms agreements in view fact Czechoslovakia already party thereto.<sup>4</sup>

<sup>3</sup> Telegram 3592, October 3, to London, not printed, stated that the Department of State concurred with the British plan for notifying the appropriate missions on the revised aspects of the civil aviation policy toward Yugoslavia. Implementation of the export phase of the policy was to be postponed pending the clarification with the British of mechanical aspects of the export control procedure (711.4027/9-2849).

<sup>4</sup> Telegram 3723, October 14, to London, not printed, stated that the Department of State shared the British view that Yugoslavia should be warned against signing a two-freedoms agreement (711.4027/9-2849).

Sent Department 3888, Belgrade 78; repeated Bern 104, Paris 736, Rome 159, The Hague 164.

HOLMES

711.4027/10-449: Circular telegram

*The Acting Secretary of State to Certain Diplomatic Offices*<sup>1</sup>

SECRET

WASHINGTON, October 4, 1949—6 a. m.

NSC 15/1 (US Civil Aviation Policy Toward Sov and its Satellites) has been modified by addition new para 2(i) under Recommendations as fol: "In view of the breach between Tito and the Kremlin and evidence at hand that Sov control of Yugo civil air operations has been eliminated, Yugo shld be exempted from the above restrictions so long as the present breach is maintained."

In view US and UK sponsorship present joint policy (Depcirins Jan 5, 1949<sup>2</sup>) Dept has informed Brit of revised US civil air policy toward Yugo as first step in informing non-curtain "common front" countries of modification previous policy. US and UK have reached agreement concerning air transport aspects new policy and are close to accord concerning manner in which exports civil aircraft and associated equipment shld henceforth be controlled under modified policy. However, since several mechanical details concerning procedures for controlling such exports on common front basis still remain to be clarified, third countries shld not be informed concerning export aspects modified Yugo policy until further instrs recd. Meantime, for info addressee missions only, under new policy all exports, including exports of aircraft and associated aviation equipment to Yugo will now be subj previously relaxed US gen export policy toward Yugo approved by NSC in Feb (NSC 18/2<sup>3</sup>). Latter policy provides that 1-A items, including munitions and aviation equipment, may be licensed for export to Yugo when such licensing serves US natl interests.<sup>4</sup>

Missions receiving this cirtel for action shld inform govts to

<sup>1</sup> This telegram was sent for action to the missions in Ankara, Athens, Brussels, Copenhagen, The Hague, Lisbon, Oslo, Paris, Rome, Stockholm, and Bern. The message was also repeated for information to 57 other missions around the world.

<sup>2</sup> See editorial note, p. 184.

<sup>3</sup> Not printed; see editorial note, p. 868.

<sup>4</sup> In a circular telegram of October 14, 5 p. m., sent for action to 12 missions and repeated for information to 56 other missions, not printed, the Department of State defined the revised American aircraft export policy toward Yugoslavia. The United States considered itself free to export to Yugoslavia civil aircraft and associated equipment to the extent necessary for the operation of approved airline services at approximately the current level of usage and to allow for the reasonable development of civil aviation communications. The Department assumed that other countries which had been approached regarding American civil aviation policy toward Yugoslavia would feel free to follow a similar liberalized policy. In order to avoid the indiscriminate licensing of aviation equipment to Yugoslavia, it was requested that each country impose quantitative and qualitative restrictions to the end that aircraft equipment received by Yugoslavia would not exceed the minimum necessary to carry out the aforementioned objectives (711.4027/10-1449).



which accredited of revised US policy re civil air transport relations with Yugo. Brit FonOff is transmitting parallel instrs simultaneously. US and UK have agreed US and Brit Chiefs of Mission shld consult immed upon receipt of respective instrs re best procedure in approaching third govts. US views follow :

“US believes that as long as relations Yugo and USSR family remain in present state of breach, and as long as no apparent Sov influence Yugo civil aviation, any non-curtain state that believes polit and econ advantages outweigh on balance similar disadvantages inherent therein which might result from exchange civil air rights with Yugo may appropriately exchange civil air rights with Yugo provided however that any such exchange be subj immed termination and that while Yugo air services may be permitted operate to non-curtain states without immed reciprocity such exchange shld clearly provide for full reciprocity. In this connection ‘without immed reciprocity’ means exchange of rights shld include exchange reciprocal rights but non-curtain state need not actually operate to Yugo at the time Yugo commences operations to non-curtain state. Furthermore, US believes any non-curtain state entering air transport arrangement with Yugo shld do so through an exchange of notes and avoid signing usual form of bilateral air transport agreement.

US itself at present time perceives no danger US interest dealing with Yugo on such basis and proposes to implement this new position on *ad hoc* basis as circumstances may indicate.

However US fully appreciates that certain countries will have own reasons not entering such agreements Yugo which may outweigh aspects of gain from pursuing relaxed policy in certain cases and affirms US position as not favoring exchange rights Yugo by any particular country unless balance all aspects exchanged indicate beneficial result to friendly state concerned.”

While Dept believes all addressee missions “Western Europe” receiving these instrs shld immed apprise countries to which accredited in collaboration with Brit colleagues of revised US policy as indicated above quoted paras, Dept recognizes Near and Middle East missions confronted with somewhat different situation. While in Depts opinion Govts Greece and Turkey shld be notified of new policy Embs Athens and Ankara authorized withhold notification if in opinion these missions such notification inappropriate. In such event missions requested inform Dept their reasons therefor. Similarly, while Dept inclined believe Near and Middle East missions receiving these instrs for info need not at present time inform countries to which accredited of revised policy if in opinion any of these missions revised policy shld be transmitted Dept wishes to be so advised with reasons therefor.

WEBB

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*Editorial Note*

On October 4 the Department of State authorized the Embassy in Yugoslavia, on the basis of the revised United States civil aviation



policy toward Eastern Europe set forth in the circular instruction of October 4 (*supra*), to explore with Yugoslav officials the possibilities of securing air rights in Yugoslavia for American civil air carriers. Yugoslav officials expressed a favorable attitude toward a reciprocal exchange of air rights with the United States. Formal negotiations began on November 5 and concluded on December 24. During the negotiations, which were lengthy, closely argued, but cordial throughout, the United States was represented by William A. Fowler, First Secretary of the Embassy in Belgrade, and Civil Air Attaché Francis Deak. Yugoslavia was represented by Nikodije Jovanovic, Counsellor of the Yugoslav Foreign Ministry, Ivan Cvencek, Chief of Operations, Department of Civil Aviation, Yugoslav Ministry of Transport, and Branko Bakic, Attaché at the Department of Civil Aviation. The voluminous exchange of messages between the Embassy and the Department of State regarding the negotiations is largely concentrated in file 711.60H27.

A provisional civil air transport agreement between the United States and Yugoslavia was concluded at Belgrade on December 24, 1949, through an exchange of identical diplomatic notes. The agreement, which became effective immediately, provided for the establishment of a route or routes by Yugoslavia to and through the United States zones of occupation in Austria and Germany. The United States was granted a route to Belgrade and beyond. The notes were initialled by Chargé Robert B. Reams for the United States and by Deputy Minister for Foreign Affairs Vladimir Popovic for Yugoslavia. For the text of the agreement, which was made public immediately, see Department of State *Bulletin*, January 9, 1950, pages 63-64, Department of State Treaties and Other International Acts Series No. 2055, or 64 Stat. (pt. 3) B131.

Just prior to the exchange of notes concluding the provisional air transport agreement, American and Yugoslav representatives exchanged copies of a previously agreed upon memorandum of conversation setting forth certain additional understandings regarding the agreement. The memorandum of conversation explained that the routes to be served by the Yugoslav airline were intended to serve Austria, Western Europe, and Scandinavia. The designated American airline was to operate a route via the North Atlantic and Europe to Belgrade and beyond. The designated American airline would begin the overflight of Yugoslav territory immediately, but traffic stops at Belgrade would be made only when they became technically and economically practicable. The initialled copy of the memorandum of conversation as prepared by the Yugoslav Foreign Ministry, which was not to be published, was transmitted to the Department as an enclosure to despatch 430, December 27, from Belgrade, neither printed (711.60H27/12-2749).

In his telegram 1321, December 24, from Belgrade, not printed, Chargé Reams reported that at the ceremony for the initialling of the exchange of notes concluding the air transport agreement, Deputy Foreign Minister Popovic expressed pleasure at the conclusion of the agreement, the spirit in which the negotiations had been conducted, and the confidence that the agreement would lead to better understanding and closer relations not only in civil aviation but in other matters as well. Reams responded in a similar vein (711.60H27/12-2449).

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S/S-NSC Files, Lot 63 D 351, NSC 15 Series

*The Under Secretary of State (Webb) to the Executive Secretary of the National Security Council (Souers)*

SECRET

[WASHINGTON,] December 27, 1949.

MY DEAR MR. SOUERS: I am transmitting to you herewith for consideration by the National Security Council recommendations of the Department of State for the modification of our civil aviation policy toward the USSR and its satellites.<sup>1</sup>

Since the approval by the National Security Council in July 1948 of our present policy (NSC 15/1) this Department has made every feasible effort to implement this policy. We have been successful in denying the sale and export of aircraft and associated aviation equipment to the USSR and its satellites and, with the cooperation of the countries involved, have succeeded in blocking the civil air operations of the USSR and its satellites to the Near Eastern, South Asian, and African area. We have been unable, however, to obtain the wholehearted cooperation of . . . Western European countries in fully implementing the air operations aspects of this policy in Western Europe. Confronted with the alternatives of exerting heavier pressure . . . or to reappraise our own position, we requested the Department of Defense on June 1, 1949<sup>2</sup> to secure the views of the Joint Chiefs of Staff concerning the extent to which military security factors justify further intensified efforts to implement the air operations aspect of our present policy in Western Europe.

In its reply dated July 20, 1949<sup>3</sup> the Department of Defense informed us that the Joint Chiefs of Staff believe that we should continue our multilateral effort to prevent the sale of aircraft and aviation equipment to the USSR and its satellites but that there are military advantages to be gained by such civil air penetration as may be arranged through bilateral agreements on a reciprocal basis, i.e., the granting of landing rights in non-curtain states, including the United

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<sup>1</sup> See editorial note, *infra*.

<sup>2</sup> See *ante*, p. 204.

<sup>3</sup> *Ante*, p. 206.



States, to satellite air carriers in exchange for similar landing rights in satellite territory. In the light of these views of our military authorities this Department has undertaken a thorough review of this policy problem and has concluded that our present policy should be modified as indicated in the attached paper.

Although this Department is recommending, in line with current Joint Chiefs of Staff views, that the National Security Council approve a course of action which would permit efforts under certain conditions to effect civil air penetration of satellite territory, we do not, however, believe that a balance of advantage in terms of United States objectives would at the present time result from any reciprocal exchange of civil air services between the satellite states and the countries in the Near Eastern, South Asian, and African area. If the proposed new policy is approved by the National Security Council, this Department would, in implementing this policy, make it clear to the countries of that area that the United States believes they should continue to block civil air operations of satellite air carriers to any point in that region. It is my understanding that the Joint Chiefs of Staff agree that continued "containment" of satellite civil air operations in the Near East, South Asian, and African area is required in our national interest.

I will appreciate your making every appropriate effort to have the attached paper considered by the National Security Council at its meeting on January 5, 1950.

Sincerely yours,

JAMES E. WEBB

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*Editorial Note*

A draft report by the National Security Council to President Truman on United States civil aviation policy toward the Union of Soviet Socialist Republics and its satellites was prepared in early September following a meeting of Department of State officers in the office of Deputy Assistant Secretary of State for European Affairs Llewellyn E. Thompson on August 11 at which time a consensus had been reached for basis upon which NSC 15/1 (see editorial note, page 184) might be appropriately amended. That early draft report was amended and revised in the light of comments and criticisms made by various responsible officers of the Department. Documentation on the background to those drafts is included in a dossier in file 711.4027/12-1949. The amended and revised draft report was transmitted to the National Security Council under cover of Under Secretary of State Webb's letter of December 27 to Executive Secretary Souers (*supra*) and was subsequently circulated to the National Security Council as document NSC 15/2, December 28, 1949. NSC 15/2 was adopted with



further amendments by the National Security Council at its meeting on January 5, 1950. The final version of the paper adopted by the Council was designated NSC 15/3, January 5, 1950, and was approved by President Truman the following day. For the text of NSC 15/3 (together with indications of the few differences from NSC 15/2 and details regarding its adoption by the Council and the President), see *Foreign Relations*, 1950, volume IV, pages 1 ff.

EFFORTS BY THE UNITED STATES TO SECURE FULFILLMENT OF THE HUMAN RIGHTS CLAUSES OF THE TREATIES OF PEACE WITH BULGARIA, HUNGARY, AND ROMANIA; CONCERN OVER THE NON-FULFILLMENT OF OTHER TREATY CLAUSES <sup>1</sup>

864.404/1-2649 : Telegram

*The Minister in Hungary (Chapin) to the Secretary of State*

SECRET

BUDAPEST, January 26, 1949—11 a. m.

114. In previous communications I have indicated something of feeling here with respect Mindszenty case.<sup>2</sup> It generally assumed that in addition to domestic significance, persecution and liquidation Cardinal has serious and far-reaching international implication. Moreover, public opinion in Hungary—and presumably elsewhere behind Curtain—looks with anxiety for vigorous countermeasures not only in defense of US prestige but also as evidence official US cognizance cynical violation human rights and proof of continued US interest in welfare peoples behind Curtain.

It seems clear that eventually the whole question of violation of human rights in satellite countries must be forced into UN Assembly and that Hungary, in light recent developments, culminating in present case, may well present best point of attack.

As will not have escaped Department's attention, 18-month period envisaged in Article 39 Hungarian peace treaty expires March 15, while individual supervision rights of three Chiefs of Mission do not necessarily expire that date, their collective rights do. For this reason, suggestion was considered here, even before publication of *Yellow Book*,<sup>3</sup> of calling meeting of three chiefs before that date with a view to suggesting the institution of an international investigative commission to expose wholesale suppression human rights and fundamental

<sup>1</sup> For the texts of the Treaties of Peace with Bulgaria, Hungary, and Romania, see Department of State Treaties and Other International Acts Series (TIAS) Nos. 1650, 1651, and 1649, respectively. Previous documentation on the efforts of the United States to achieve fulfillment of the terms of the treaties of peace is presented in *Foreign Relations*, 1948, vol. iv, pp. 279 ff.

<sup>2</sup> József Cardinal Mindszenty, Roman Catholic Archbishop of Esztergom and Prince-Primate of Hungary was arrested by Hungarian authorities on December 27, 1948, was tried in Budapest, February 3-5, 1949, and was subsequently found guilty of treason, conspiracy, and other crimes against the Hungarian state and sentenced to life imprisonment. For documentation on the attitude of the United States toward the arrest, trial, and conviction of the Cardinal, see pp. 451 ff.

<sup>3</sup> See telegram 87, January 20, from Budapest, p. 455.

freedoms in violation peace treaty. It was suggested further that parallel action be taken simultaneously in Sofia and Bucharest (Deptel 684, November 19 to Sofia <sup>4</sup>).

However, it seems essential that before starting course of action, one must have a clear idea of extent to which US and British Governments are prepared to go. The time is now far past, and our protests have been proved ineffective too many times in these countries, for a protest or a demand for reparation of a wrong to be effective, unless the satellite concerned and the Soviet Union are convinced that such protest and demand will be followed up by concrete united action. It was this threat which proved so effective in Ruedemann-Bannantine case.<sup>5</sup> Protests not followed through such as occurred in Bela Kovacs case,<sup>6</sup> far from having any effect, merely make US appear feeble and irresolute and render later positive action that much more difficult.

If, as I believe may now be the case, the US and British (since uncoordinated action here would be regrettable), are prepared however, to back an appeal to UN for investigation in satellite defeated nations to the extent of strong effective measures such as economic sanctions, now is the time to take such action.

Such sanctions which may eventually have to be extended to other satellites would appear to exert restraining pressure on Czechoslovakia and Poland, but it is entirely possible that this course may lead to rupture diplomatic relations.<sup>7</sup>

Sent Department 114, repeated London 7, Warsaw 3, Prague 3, Bucharest 2, Sofia 2, Moscow 4.

CHAPIN

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<sup>4</sup> *Foreign Relations*, 1948, vol. iv, p. 390.

<sup>5</sup> Regarding the case under reference here, see footnote 4 to telegram 459, March 23, from Budapest, p. 466.

<sup>6</sup> Béla Kovács, a member of the Hungarian parliament and former Secretary General of the Smallholders Party, was arrested by Soviet occupation authorities in February 1947. For documentation on the arrest and the subsequent American protests, see *Foreign Relations*, 1947, vol. iv, pp. 271 ff.

<sup>7</sup> In telegram 116, January 26, from Budapest, not printed, Minister Chapin outlined a possible program of action relative to Hungary (740.0011 EW (Peace)/1-2649).

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864.404/1-3149 : Circular telegram

*The Secretary of State to Certain Diplomatic Missions*

SECRET

WASHINGTON, January 31, 1949—7 a. m.

Comments addressee Missions on following Dept thinking concerning possible desirable action connection current developments satellites, with particular reference Budapest's 114 Jan 26 <sup>1</sup> and 116 Jan 26 <sup>2</sup>

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<sup>1</sup> *Supra*.

<sup>2</sup> Not printed, but see footnote 7 to telegram 114 Budapest, above.



will be appreciated. Dept also informing Brit Emb here indicating would like exchange views with Brit. Caution against revelation line this thinking which would detract impact action.

We have been currently reviewing earlier consideration desirability some general action with regard to satellite developments in intensification measures of oppression as instrument Soviet indirect aggression. While in some respects conquest Hung has reached lesser degree than in cases Rum or Bulg, apparent possession more complete documentation Hung pattern together with fact Mindszenty arrest has focused world spotlight Hung, suggest advisability at least initial emphasis be directed that country. Accordingly we contemplate expeditious preparation case history Sov indirect aggression Hung (Budapest's tel 111 Jan 25<sup>3</sup>) in which we believe we can conclusively document story political, economic strangulation fundamental rights and independence Hung people. Hope preparation can be completed middle March.

As presently envisaged intention would be publish indictment as official US state paper. Also foresee possible utilization in UN. In connection latter, however, believe determination exact method presentation issue in UN should advisably await intervening developments having in mind especially question whether most effective approach would be formal introduction matter before UN body possibly ECOSOC and whether circumstances would warrant action Hung alone or more appropriate expand indictment other or all satellites. With specific reference Mindszenty, our current estimate is that while Cardinal's arrest most sensational evidence religious persecution, most forceful course would be present has persecution as part premeditated plan in perspective appropriate his prominence but not as separate entity.

Such a general indictment will, of course, carry extensive reference to violations applicable peace treaties, Dept has been considering matter expiration Mar 15 Article 39 Hung peace treaty and corresponding Articles Bulg and Rum treaties. It is our view that record Sov misuse those articles to block supervision implementation military and political clauses is already well-established and Budapest's suggestion that effort be made convoke Chiefs of Mission between now and March 15 unnecessary and undesirable as tending emphasize our ineffectiveness in face of those Articles. Seems to us most advisable course would be utilization occasion expiration Articles March 15 to issue parallel US and UK statements (1) emphasizing record Soviet refusal cooperate and local regimes' refusal respond direct US-UK representations absence concerted demands during 18 month period, and, in (2) marking conclusion that period, (3) stressing

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<sup>3</sup> Not printed.

determination two powers press Hung, Bulg and Rum authorities comply obligations in future. Airgram containing suggested line such statement will be transmitted for comment as soon as possible.<sup>4</sup>

Sent Budapest, London, Warsaw, Prague, Bucharest, Sofia and Moscow.

ACHESON

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<sup>4</sup> Circular airgram of February 14, 9:10 a. m., to the missions in London, Moscow, Praha, Warsaw, Sofia, Budapest, and Bucharest, not printed (864.404/2-1449).

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### *Editorial Note*

In connection with the circular telegram of January 31, *supra*, and telegram 114, January 26, from Budapest, page 223, the Department of State received varying comment and advice from the concerned missions. The Embassy in Moscow regarded the general course of action outlined in the circular telegram to be excellent, but cautioned against the entertainment of illusions that such action would deter the Soviet Union from consolidating its position in Eastern Europe and warned that economic or other sanctions were not likely to cause any Communist regime to back down or reverse current policy (telegram 277, February 3, from Moscow: 864.404/2-2349). The Embassy in London agreed on the necessity of making clear the American attitude in the most forceful manner possible, but warned that any course of action be carefully weighed against the danger of merely emphasizing Western ineffectiveness. The Embassy in London was skeptical that ECOSOC would serve as the best United Nations body to consider the human rights question, and it expressed serious doubt that the British would support sanctions (telegram 411, February 3, from London: 864.404/2-2349). The Legation in Sofia heartily concurred in the proposals to take action on violations of the peace treaty. The Legation, which thought such action would serve as an excellent counter-attack to the Soviet peace offensive, also warned that denunciations not followed by effective action would only accent Western ineffectiveness in Eastern Europe (telegrams 69, January 31, and 101, February 8, from Sofia; 864.404/1-3149 and 864.404/2-849). The Legation in Bucharest, while generally supporting the proposed actions, also felt that any *démarche* would be useless and possibly harmful to American interests unless the United States were prepared to pursue the matter in the United Nations and possibly risk the rupture of diplomatic relations (telegrams 75, February 2, and 97, February 8, from Bucharest: 864.404/2-249 and 864.404/2-849). The Embassy in Czechoslovakia expressed the view that Catholicism in Czechoslovakia had



historically been regarded as an instrument of oppression, and Bohemian Catholics were notoriously lukewarm in the militancy of their faith. The Embassy felt that the Church issue was not the best one to press in Czechoslovakia (telegrams 149, January 31, and 206, February 12, from Praha: 864.404/1-3149 and 864.404/2-1249). The Embassy in Warsaw found serious disadvantages in including Poland within the scope of any action initiated with respect to human rights and treaties with Bulgaria, Hungary, and Romania. In the absence of effective sanctions which might be taken against Poland, any action would have to be of a propaganda nature, and in Poland such a propaganda action had risks of failure that outweighed the possibilities of success. American failure in the effort would cost the United States prestige in the eyes of the Poles and add to their current sense of frustration (telegram 231, February 15, from Warsaw: 864.404/2-1549).

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864.404/2-1249 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*

SECRET

WASHINGTON, February 12, 1949—1 p. m.

508. In view of latest flagrant incident violation human rights Mindszenty case,<sup>1</sup> Dept believes time has arrived to take further action than heretofore, which has been confined (a) to protests to Hung Govt and (b) to public statements by leading officials. Dept wishes you to have a preliminary exchange views this question FonOff and report their views soonest. Two main avenues of approach, which are not necessarily mutually exclusive, are open: (a) Invocation by one or more signatories including U.S. of treaty dispute provisions and (b) some kind of action in the UN. Of the two courses of action, for reasons outlined below, Dept tentatively inclined to favor invocation treaty procedure, without prejudice whether this should be followed, or supplemented, by some form UN action.

This does not mean we have abandoned studies outlined circular Jan 31,<sup>2</sup> but feeling now is some action on the more limited subject violation human rights immediately necessary. This limited approach could be broadened at a later stage to the wider field discussed in circular. Point of this telegram, however, is for you to discuss the more limited problem.

1. Systematic suppression human rights and freedoms which is taking place throughout Eastern Europe is contrary spirit Charter preamble, UN purpose (Art 1, para 3) and pledge by Members to

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<sup>1</sup> On February 8 Cardinal Mindszenty was sentenced to life imprisonment.

<sup>2</sup> *Ante*, p. 224.



promote respect for human rights (Arts 55, 56). However, any UN action under these provisions against Members (Poland, Czecho, and Yugo) would have to be reconciled with Art 2(7) of Charter. On other hand, Hung, Bulg, Rumania, although not Members UN and therefore not bound by Charter, assumed specific Treaty obligations re human rights and non-discrimination (e.g., Hung Treaty Arts 2 and 3). Systematic violation these Treaty obligations may constitute situation "likely to impair general welfare or friendly relations among nations". (Charter Art 14). Although we recognize this would preclude airing violations in Yugo, Czecho and Poland, we feel case wherever brought would be on soundest basis if brought as violation of peace treaties and of necessity therefore limited to Hung, Bul and Rumania. This raises a question on which we would specifically like to have preliminary view FonOff as to whether it would be better to restrict case to Hung only, or to bring broader case on the three countries.

2. Our feeling that strongest case is one brought as violation peace treaties is strong argument for initiating matter by invocation treaty machinery. Another reason this feeling is, even if case is eventually brought before UN, it would be better to be in position to show all efforts had been exhausted other methods along line Art 33, Charter.

3. Invoking Peace Treaty machinery might be protracted procedure, which, however, could serve keep issues before world public opinion for considerable period time. Would appreciate FonOff reaction this point. Efforts invoke Treaty Art 39 procedure while not necessarily prerequisite to steps under Art 40 obviously would have no results. Similarly, reference to chiefs of mission, while necessary, would probably be futile. In next stage Hung might refuse appoint member of commission under Art 40 on ground matter within its domestic jurisdiction. This question itself would constitute a dispute under Treaty Article 40. SYG of UN who is ultimately required to appoint third member of commission might proceed with appointment regardless Hung position. Conceivably two members of commission could proceed even in absence Hung rep on basis of available evidence of Hung Treaty violations. Obstruction by Hung at any stage of proceeding could be effectively used to keep issues alive and as basis, if felt desirable, for ref UN. One advantage Treaty procedure, if it can be carried through, is that it would end with "definite and binding decision" which Hung under Peace Treaty obligated accept unlike mere UN recommendation. Refusal by Hung accept and conform to adverse decision would constitute outright and legally determined defiance international law. To give emphasis such defiance strong case could then be brought before UNGA under Art 14 or even Art 11 if desired keep case before public. Art 40 of Hung Treaty would permit setting up either one commission or one for each signatory claiming Treaty violation.

4. As to UN action, main questions to be weighted are whether UN could take any action which would be effective, and, if this prospect dubious, whether UN action would be injurious to UN organization. In this connection, we have very much in mind the feeling of frustra-

tion brought about by the Czech Case.<sup>3</sup> UN action would provide forum for airing entire subject suppression rights and Treaty violations with opportunity for us demonstrate Eastern European peoples could concern international community their fate. We would expect Hung and other satellites as non-Members would refuse appear before UN to answer charges.

Among possible actions would be following:

(a) A general and strongly worded condemnation. Such marshalling of UN opinion might well have some moral effect over the entire area of eastern Europe and even be some form of deterrent.

(b) Stronger action, involving some form of recommendation for sanctions. Dept assumes economic sanctions would probably be out of question, and that the most that could be done would be a form of sanction on membership. A resolution could provide, that while existing conditions continue, these states are determined, in the opinion of the Assembly, to be ineligible for membership.

(c) A reference to the Court, or a request for an advisory opinion from the Court.

(d) The establishment of a GA commission to obtain evidence and report to the Assembly. Of course, such a commission would be unable to go into Hungary, but considerable advantage might accrue from the hearing by such a commission of refugees.

5. We have considered various UN bodies before which the matter could be brought, including GA, SC, ECOSOC, Human Rights Commission and ICJ. At the moment we would rule out SC, ECOSOC and Human Rights Commission. We would lean towards GA, although still keeping Court possibilities under consideration.

6. What we wish you to obtain immediately is expression of FonOff view, at least in principle, on the invocation of treaty machinery, which, as indicated above, is our tentative preference for action at this time. As to UN aspects, in our view not of immediate urgency, we suggest if Brit concur that they send their views to Brit Emb for discussion here.<sup>4</sup>

ACHESON

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<sup>3</sup> Presumably the reference here is to consideration by the United Nations Security Council in March 1948 of a request to investigate the events attending the change of government in Czechoslovakia in February 1948. No action was taken on the request.

<sup>4</sup> This telegram was repeated to Moscow as 75, to Bucharest as 43, to Budapest as 130, to Warsaw as 82, to Praha as 176, to Sofia as 37, to Belgrade as 65, and to Rome as 264. It was also repeated to the United States Mission at the United Nations in New York as telegram 75 with the following additional paragraph:

"Above constitutes preliminary Dept thinking; your suggestions invited. In your conversations with other Dels you shd take line that in accordance with Concurrent Res passed by House Feb 9 Dept exploring all possible courses of action. You shd indicate Dept has not reached decision and although for your private information at present Dept not inclined favor ref to UN at this time, you shd not either encourage or discourage any del considering raising matter in UN."



740.0011 EW (Peace)/2-2349: Telegram

*The Ambassador in the United Kingdom (Douglas) to the Secretary of State*

SECRET

LONDON, February 23, 1949—noon.

652. With further reference to Deptels 508 and 575<sup>1</sup> Wallinger assured Embassy office careful consideration being given in FonOff to pros and cons of invocation of peace treaty machinery. Wallinger stated Department's arguments fully appreciated but on other side he balanced two factors:

(1). British are trying to maintain at least minimum trade relations with satellites and to obtain some necessities from them for which payment can be made in soft currency. Negotiations which from time to time will occur in this connection and which will cover such points as attempt to persuade satellites to take less essential commodities would probably be handicapped or jeopardized if simultaneously strenuous action were being taken by British Government in invoking peace treaty machinery.

(2). As Department recognizes, procedure is likely to be protracted which would mean impotence of western powers would be paraded over long period of time and that would do us no good. In reply to second point possibility of contrary reaction favorable to west was emphasized on following grounds: (1) by pressing procedure to conclusion we should obtain as indicated point 3 Deptel definite and binding decision which satellites not expected to accept but that fact would in itself be useful and give as incontrovertible proof of treaty breach and (2) our action would be heartening evidence of our sustained interest in fate of people of satellite countries and would serve to boost morale in cold war.

Wallinger promised further views soonest.<sup>2</sup> He also stated progress had been made on decision on issuance of White Paper and he hoped telegram on subject could go in near future to British Embassy Washington.<sup>3</sup> (Copy sent by pouch to Budapest.)

DOUGLAS

<sup>1</sup> Telegram 592, February 17, from London, not printed, reported that the substance of telegram 508, February 12, to London (*supra*) was communicated to the British Foreign Office on February 14. Geoffrey A. Wallinger, Head of the Southern Department of the Foreign Office, told the Embassy on February 17 that he was personally opposed to invoking the peace treaty machinery for Hungary only and was in favor of including Bulgaria, Romania, and Hungary if any action were taken (740.0011 EW (Peace)/2-1749). Telegram 575, February 18, to London, not printed, authorized the Embassy to state that the Department of State tentatively favored the invocation of the treaty machinery in all three states (740.0011 EW (Peace)/2-1849).

<sup>2</sup> In a letter of February 24 to the Embassy in London, the text of which was transmitted to the Department of State in airgram 377, February 25, from London, neither printed, Wallinger confirmed and elaborated on the views reported here (740.0011 EW (Peace)/2-2549). For summaries of the three main arguments advanced by Wallinger, see footnotes 4, 5, and 6 to telegram 796, March 10, to London, pp. 235 and 236.

<sup>3</sup> The "White Paper" mentioned here referred to a statement to be issued by the American and British Governments as suggested in the final paragraph of the circular telegram of January 31 (p. 224).



864.404/2-2449 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, February 24, 1949—10 a. m.

456. Agree with Department and Warsaw that proposed action (Depcirtel January 31,<sup>1</sup> Deptel 508 to London February 12<sup>2</sup> and Warsaw's 232 [231.9] to Department February 15<sup>3</sup>) regarding satellites be directed in first instance against treaty states and particularly Hungary, but feel strongly that if and when approach broadened to Moscow's other east Europe vassals, Poland should not be omitted.

We cannot help feel general thesis Warsaw's reference telegram would condemn us stand idly by indefinitely while individual right and free institutions east Europe are destroyed and people reduced to enslaved condition Soviet population. Reasons for west's "inability pursue to logical conclusion political offensive designed force settlement with USSR" so obviously geographical our silence and apparent lack interest more likely to discourage Poles than fact that our activity has no prospect of quick results.

In our view, our best traditions and our present interests require US to be constantly on offensive in political and psychological warfare fields in east Europe, retaining initiative in every possible way and stimulating resistance to Sovietization countries this area now in process. We cannot agree that even from humanitarian point of view we do these peoples a favor by remaining silent and inactive. That some resistance leaders should perhaps meet ruthless suppression is surely better than that entire population should supinely lose everything that makes human life worth while. Chances for these peoples to regain their freedom will in the long run depend largely on maintenance their love liberty and fighting spirit. These will surely wither away unless kept exercised.

Sent Department, repeated Warsaw 15, London 50.

KOHLER

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<sup>1</sup> *Ante*, p. 224.

<sup>2</sup> *Ante*, p. 227.

<sup>3</sup> Not printed, but see editorial note, p. 226.

860C.00/2-2549 : Telegram

*The Ambassador in Poland (Gallman) to the Secretary of State*

SECRET

WARSAW, February 25, 1949—5 p. m.

294. I regret that Embtel 231, February 15<sup>1</sup> should have been interpreted in Moscow's 456, February 24<sup>2</sup> as condemning US to "stand idly by indefinitely" while Poland Sovietized. Believe that

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<sup>1</sup> Not printed, but see editorial note, p. 226.

<sup>2</sup> *Supra*.

careful reading ourtel, in context consistent recommendations being made by US for VOA use, makes it clear that our basic objection is not to pressing political and psychological warfare in Eastern Europe but only to airing political case now in UN or otherwise, in disregard of risk of its back-firing to advantage of USSR. I feel, on basis our political and propaganda activities to date, that there is no occasion for concern lest Poles become discouraged through "our silence and apparent lack interest" and that, with deference to Moscow's knowledge of Poland and Polish mind hopes and "fighting spirit" of Pole are more likely to be maintained to our ultimate advantage if we impress him with our political sagacity vis-à-vis the USSR, then if we expose ourselves without prospects of success. Poland with memory of our impotence in 1939, is fully aware that geography conspires against us but may be relied on, in my opinion, to maintain his essential orientation and to continue to resist Sovietization for some considerable future period, especially if he can perceive steady and certain progress on our part toward passing to the offensive against USSR.

Sent Department 294; repeated Moscow 60; London 31.

GALLMAN

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740.0011 EW (Peace)/3-349 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*

CONFIDENTIAL      PRIORITY      WASHINGTON, March 4, 1949—6 p. m.

730. In *aide-mémoire* Mar 3<sup>1</sup> which states similar communications sent UK and USSR but apparently not yet delivered latter French request concert three Chiefs Mission under Art 37 Rum treaty prior Mar 15 to "invite Rum Govt modify passive attitude adopted by it to date and execute provisions Treaty" re French rights under Arts 23, 24 and 32.

Though Fr rights as a United Nation under Arts 23, 24 and 32 clear, Fr apparently was not at war with Rumania and does not qualify as Allied or Associated Power (Preamble and Art 39). Legal Advisers therefore have misgivings that Art 37, whereby Heads of Mission may represent Allied and Associated Powers, may properly be invoked France's behalf.

Request Emb discuss FonOff with view UK, if it concurs this position, joining us in informing Fr informally this sense and soliciting further Fr comments. At same time we cld point out to Fr that, though

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<sup>1</sup> Not printed.

Art 37 seems inapplicable, Art 38 might constitute appropriate avenue their consideration.<sup>2</sup>

Dept instructing Emb Moscow inform Fr Amb sense foregoing.<sup>3</sup> Latter has indicated to Emb he is anxious know views Brit and Amer Govts before approaching Sov Govt.

Sent London, rptd Paris, and Bucharest.

ACHESON

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<sup>2</sup> Telegram 695, March 10, from London, not printed, reported that the British Foreign Office had been informed by the French Embassy in London that the French Government had decided not to press their request for action under the Romanian peace treaty pending agreement between the United States and the United Kingdom as to what action should be taken (740.0011 EW (Peace)/3-1049). Telegram 811, March 14, to Paris, not printed, repeated to London as 853 and to Moscow as 155, stated that the Department of State had informed the French Embassy in Washington of the Department's position along the lines set forth in the message printed here and expressed a willingness to consider any further French proposals (740.0011 EW (Peace)/3-1449).

<sup>3</sup> Telegram 128, March 4, to Moscow, not printed, was similar to the message printed here and added the instruction to the Embassy to suggest to the French Ambassador in Moscow to postpone his approach to the Soviet Government (740.0011 EW (Peace)/3-349).

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740.0011 EW (Peace)/3-849

*Memorandum by the Deputy Director of the Office of European Affairs (Thompson) to the Secretary of State*<sup>1</sup>

SECRET

[WASHINGTON,] March 8, 1949.

*Background:*

In connection with recent religious persecution particularly in Hungary and Bulgaria, we have been exploring the desirability of action in regard to violations of the human rights provisions of the peace treaties with Hungary, Rumania and Bulgaria. There is a growing demand in this country and abroad that action be taken in the United Nations in this connection. Various Latin American states are anxious to raise the matter in the United Nations and Cuba has circulated a memorandum in that regard.<sup>2</sup>

The peace treaties provide machinery for the settlement of disputes involving violations of the treaty provisions. That procedure calls for initial direct diplomatic negotiations, to be followed by reference to the Heads of the Diplomatic Missions of the US, UK and USSR in the respective countries and the subsequent establishment of Commissions with neutral members appointed by the Secretary General of the United Nations.

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<sup>1</sup> The source text bears handwritten concurrences by Assistant Secretary of State for United Nations Affairs Dean Rusk and by the Counselor of the Department of State, Charles E. Bohlen.

<sup>2</sup> The text of the memorandum under reference here was transmitted to the Department in telegram 268, March 4, from the United States Delegation at the United Nations in New York, not printed (501.BC/3-449).



The Canadian Government has expressed a desire to associate itself with us or take parallel action.<sup>3</sup> The British Government has not taken a final position but has misgivings that invocation of the treaty procedure might prejudice economic negotiations Britain contemplates with the three countries and might possibly lead those countries to break diplomatic relations with us.

*Discussion:*

It is our feeling that it is important to invoke the treaty machinery at this time. We believe that we should make every effort to call the Hungarian, Rumanian and Bulgarian Governments to account for their flagrant violation of their treaty obligations in regard to human rights and that such course will usefully serve to continue pressure indirectly on the Soviet Union through the three satellites. Invocation of the treaty procedure also seems to us to be a logical step prior to any United Nations action.

The principal British doubt concerning the treaty process does not appear valid. It seems unrealistic to suggest that the degree of cordiality of relations would materially effect the willingness of the satellites to trade, such a decision being more likely determined on a basis of strict economic advantage.

It is probable that a decision on our part to proceed unilaterally, or with Canada and any other like-minded countries, might persuade the British to join with us. In any case, we feel that the United States should take this course with such other nations as are prepared to join us whether the British do so or not.

If taken, our initial approach should preferably precede the General Assembly meeting on April 1st and consequently a decision should be made expeditiously.

As we envisage it, the treaty machinery would work out as follows. On approximately March 20 we would address communications to the Hungarian, Rumanian and Bulgarian Governments complaining against their violations of the various human rights provisions of the peace treaties. In the absence of a satisfactory reply in a reasonable period, we would request convocation of the three Chiefs of Mission in each country to consider the situation. The Russians would no doubt decline to participate and, following the two months provided in the treaties, we would then appoint Commissioners and ask the three governments to make similar appointments. After one month, as provided in the treaties, we would ask the Secretary General of the United Nations to appoint third members of the Commissions.

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<sup>3</sup> The views of the Canadian Government were made known in a telephone conversation of February 15 between George Magann, Counselor of the Canadian Embassy, and Walworth Barbour, Chief of the Division of Southeast European Affairs (memorandum of telephone conversation, by Barbour, February 15: 740.0011 EW (Peace)/2-1549).

It may be noted that, should we desire to do so, we could presumably avail ourselves of Hungarian, Rumanian, and Bulgarian obstructionism at any of several points in this process to justify removing the case to the United Nations, on the grounds that we had exhausted the treaty remedies without avail.

A telegram to London indicating our decision to invoke the treaty procedure either in conjunction with other powers or unilaterally, should that be necessary, is attached.<sup>4</sup>

*Recommendation:*

It is recommended that you approve this course of action and sign the attached telegram to that effect.

*Attachment:*

Draft telegram to London.

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<sup>4</sup> For the text of the message transmitted to London, presumably following Secretary Acheson's approval, see telegram 796 to London, *infra*.

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740.0011 EW (Peace)/3-1049 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*<sup>1</sup>

SECRET

WASHINGTON, March 10, 1949—2 p. m.

796. Dept has decided advisable proceed invocation treaty machinery violation human rights provisions peace treaties by Hung, Bul and Rum. US prepared, if necessary, to act unilaterally this matter, although Canada has expressed desire to see something done and we believe almost certain Canada will join, either with parallel complaint, or jointly. Australia expressed informally interest and matter will be discussed further with Australia prior to action.<sup>2</sup> Pls urgently advise FonOff above and also explain very strong feeling developing among Latin American Dels New York for UN action this subject. Reasons our position have been fully set forth previous tels. Inform FonOff as follows re points Wallinger's ltr (ur A-377, Feb 25<sup>3</sup>):

As to pt 1,<sup>4</sup> as we see it, treaty machinery affords some chance definite conclusion that treaties violated, and we think this possibility warrants risk of rebuffs which may be encountered along way. We

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<sup>1</sup> For the arguments presented in favor of the approval and transmission of this telegram, see the memorandum of March 8 from Thompson to the Secretary of State, *supra*.

<sup>2</sup> Officers of the Australian Embassy were called to the Department of State on March 11 and given an explanation of the American decision to invoke the peace treaty machinery (memorandum of conversation by G. Hayden Raynor, March 11: 740.0011 EW (Peace)/3-1049).

<sup>3</sup> Not printed, but see footnote 2 to telegram 652, February 23, from London, p. 230.

<sup>4</sup> Point 1 of Wallinger's letter argued that the proposed action might lead to further rebuffs at the hands of the Balkan states and thereby further damage Western prestige and influence.



think mere fact that treaty machinery wld consume fairly extended period time indicates seriousness with which we view this matter.

As to pt 2,<sup>5</sup> we feel extensive use this device in past has lessened its present effectiveness, if in fact it has been effective at all.

As to pt 3,<sup>6</sup> we think UN course in first instance wld be more likely to get out of control than treaty machinery course. For instance, treaty machinery does not contain authorization for either economic or dipl sanctions. Result under treaty procedure, if obtained, would be clear finding of treaty violation, with flexible position maintained as to what if anything should be done thereafter. In all fairness, however, must be pointed out that even in event treaty machinery invoked can give no guaranty that Latin Americans may not nevertheless initiate UN action. However, invocation treaty machinery shld lessen this possibility and also lessen possibility if started of its getting into irresponsible actions.

We feel initial complaint should be made to Hung Bul and Rum Govts as soon after Mar 15 as possible. It is very important that it be made prior to opening of GA. For that reason we hope to initiate action by Mar 20. Therefore, we urgently need to have final decision Brit Govt whether it will or will not take parallel or joint action with us.

ACHESON

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<sup>5</sup> Point 2 of Wallinger's letter argued that the indictment and condemnation of the violation of human rights in the Balkans could be achieved equally well by pronouncements directed to the world at large.

<sup>6</sup> Point 3 of Wallinger's letter argued that the attempt to implement the peace treaty machinery might inevitably lead to the necessity of considering economic sanctions and even the rupture of diplomatic relations, decisions on which the Foreign Office preferred not to have to face.

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501.BC/3-449 : Telegram

*The Secretary of State to the United States Mission at the United Nations, at New York*

CONFIDENTIAL

WASHINGTON, March 10, 1949—7 p. m.

153. Dept has now decided to invoke Peace Treaty procedures against Hung, Bulg and Rumania for violation of human rights provisions and is consulting with other signatories with view to parallel or joint action. Without prejudice to possible UN action in future, Dept concluded that at this time US shd not initiate any steps in UN feeling that at least initially or by itself UN action would not have desired effect in Eastern Europe. We have thought and continue to think stronger UN action, if later determined to be desirable, would be possible following the conclusion of, a breakdown of, or at some stage of the implementation of the treaty machinery.



Pls communicate above to Cuban SC rep<sup>1</sup> along with following views relevant to his memo (urtel 268, Mar 4<sup>2</sup>) without asking him not to raise issue in UN:

1. Dept is grateful for opportunity to study and comment on Cuban memo and give its views. US people and Govt, like Cubans, are profoundly disturbed by attacks against human rights in satellite countries and impressed by necessity to take action. Problem is to take steps most likely to advance cause of freedom in Eastern Europe and interests of UN. After full study we have concluded that Treaty procedure constitutes best approach at present time. In decision to resort to unprecedented invocation of satellite Treaties we have been motivated by following

(a) This procedure offers quasi-judicial proceeding designed to obtain "definitive and binding decision" of disputes pertaining to interpretation and execution of Treaties;

(b) As party to dispute arising out of satellite violations we feel bound under Art 33 of Charter to invoke Treaty procedures prior to considering reference to UN. We propose to announce institution of this procedure promptly and certainly before opening of GA.<sup>3</sup> We believe that general reaction in UN might well be that in accordance with spirit of Art 33 procedures outside UN should be given full opportunity prior to any UN action and that broader support could be obtained for UN action if necessary, following utilization of Treaty procedure.

(c) None of the three delinquent countries are Members of UN and therefore they are not bound by Charter provisions. On other hand they are bound by Treaties. They might refuse any invitation to appear before UN and answer charges, thus raising question whether UN action should be attempted without first hearing case of defendant countries.

(d) UN forum would offer satellites or their friends opportunity to obscure charges of human rights suppression by irrelevant and false counter-charges against other Members which would not be possible in Treaty procedure where issues are confined to obligations of three countries.

(e) Only beneficial result of UN proceeding at this time would be airing of issues with strong expression of condemnation which would put Members on record and demonstrate their sustained interest in fate of Eastern Europe. An airing of issues could perhaps be obtained through periodic release of documents relating to Treaty procedure which no doubt would extend over long period of time and perhaps through governmental statements outside of UN (see e.g., Statement of SecState, Feb 9, 1949<sup>4</sup>).

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<sup>1</sup> Alberto Alvarez, Cuban Representative to the United Nations Security Council and Permanent Cuban Representative at the United Nations.

<sup>2</sup> Not printed; it transmitted the text of a proposed memorandum aimed at securing in the Security Council the condemnation of the imprisonment of Hungarian Cardinal Mindszenty and other cases of religious persecution in Eastern Europe (501.BC/3-449).

<sup>3</sup> The Second Part of the Third Regular Session of the United Nations General Assembly was held at Lake Success and Flushing Meadow, New York, April 5-May 18, 1949.

<sup>4</sup> *Post*, p. 461.

2. In event Latin Amer Dels decide air issue in UN we recognize it could be done under cloak membership discussion SC, pursuant GA Swedish res of last fall requesting SC reconsider all applications.<sup>5</sup> Reconsideration might result simply in failure of satellite applications to receive requisite number of votes. Beyond that any stronger action would almost certainly be vetoed. We do not believe repetition of failure to obtain sufficient votes, which has happened several times previously, could be considered effective or persuasive UN action.

3. Hence we believe GA preferable to SC as UN forum for this subject particularly since it will reconvene shortly, although we had hoped that no additional item would be submitted for Apr session. GA consideration of such new item would no doubt require prolonged discussion. Of possible alternative courses of action in GA we believe preferable procedure would be to bring matter as situation under Art 14 with view to obtaining condemnatory res coupled perhaps with approving reference to Treaty procedure. This course would not appear to conflict with Treaty procedure.

4. If you believe principal Latin Amer objective is merely to record their views, you could point out to them that in course of debate on several subjects in Apr GA opportunity for speeches on this subject could be found and that their Govts could also issue statements simultaneously with publication of our complaints against satellite Govts under Treaty machinery.

5. We consider particularly undesirable raising violation issues in ECOSOC, Human Rights Comm and SC under heading other than Membership. If case brought in SC under Art 35 (para II(3)(a) urtel 268, Mar 4) any substantive action would be vetoed which would dramatize again inability of SC to take effective action. This course particularly undesirable because we wish to avoid another Czech case.

6. We also consider undesirable UN Comm investigation concurrent with investigation by Treaty Comm. We further believe consideration of UN sanctions at this time impracticable.

7. If you are convinced that Latin Amers are determined to raise question in UN as separate item, you could suggest as another variation they consider possibility placing matter on Apr GA agenda and in Gen Comm make their statements and, at same time, request that in view of Treaty machinery action initiated by US, consideration this question by Assembly be deferred.

8. Pls also discuss this matter in detail with Muniz,<sup>6</sup> of Brazil, and in your discretion, with other interested Latin Amer dels keeping always in mind that objective is not to dissuade them from taking matter to UN if they genuinely believe this is desirable but to make suggestions in response to their request as to preferable organ and procedure and to explain why we ourselves are not initiating UN action at this time in view of our feeling UN course might better be held

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<sup>5</sup> For documentation on the policy of the United States with respect to the admittance of new members into the United Nations, see *Foreign Relations*, 1948, vol. I, Part 1, pp. 173 ff.

<sup>6</sup> Joao Carlos Muniz, Brazilian Permanent Representative at the United Nations.



in reserve for later date when UN action might be stronger and have greater effect, and for other reasons cited above.<sup>7</sup>

ACHESON

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<sup>7</sup> Telegram 313, March 11, from the U.S. Mission at New York, not printed, reported that both Cuban Representative Alvarez and Brazilian Representative Muniz had been informed along the lines set forth in this message. Alvarez told the U.S. Mission that he was preparing a new plan which aimed at securing condemnation of human rights violations in Bulgaria and Hungary in connection with the application of those two states for membership in the United Nations (501.BC/3-1149).

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### *Editorial Note*

In a statement issued to the press on March 16, the Department of State denounced the violation or nonperformance by the Bulgarian, Hungarian, and Romanian Governments of their obligations under the treaties of peace. Particular attention was directed to those treaty clauses which (1) guaranteed human rights and fundamental freedoms; (2) imposed limitations on armed forces, armaments, and fortifications, and (3) protected the property rights and economic interests of the United Nations and their nationals. The statement accused the Soviet Union of having obstructed the implementation of the treaties. For the text of the statement, see Department of State *Bulletin*, March 27, 1949, page 391.

A much longer statement regarding the violation and nonfulfillment of the treaties of peace by Bulgaria, Hungary, and Romania, with the connivance of the Soviet Union, was made to the House of Commons on March 16 by British Minister of State Hector McNeil.

The texts and the timing of the release of these two statements were perfected in a series of exchanges between the Department of State and the Foreign Office included in file 740.0011 EW (Peace).

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501.BC/3-2249 : Telegram

*The Secretary of State to the United States Mission at the United Nations, in New York*

CONFIDENTIAL

WASHINGTON, March 22, 1949—6 p. m.

181. Further to Deptel 168 Mar 16<sup>1</sup> re Mindszenty case.

Pls advise Alvarez and Gonzalez Fernandez<sup>2</sup> (Secret Summary

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<sup>1</sup> Not printed. It instructed that Cuban U.N. Representative Alvarez and Brazilian Representative Muniz be informed that the United States diplomatic notes aimed at initiating the Balkan peace treaty procedures would probably be delivered during the week of March 28. The Department hoped that the information would influence Alvarez to abandon any action in the Security Council regarding the Mindszenty case (501.BC/3-1149).

<sup>2</sup> Alberto González-Fernández, Colombian Alternate Representative to the United Nations and the Security Council.



373, Mar 19<sup>3</sup>) of following further considerations militating in Dept's view against proposed Cuban action in SC:

1. Submission this matter to GA by Bolivia brings it before what in our view is appropriate organ of UN for dealing with questions of human rights. It raises question in direct way and makes recourse to SC under artificial cloak of membership unnecessary and undesirable. Such recourse in our view would only complicate case in GA. We do not see reasonable basis for raising question in both organs at this time.

2. You might wish to point out that in GA there should be opportunity for Cuban and Colombian to make full statements and if desired to assert leadership jointly with Bolivian through, for example, joint resolution.

3. SC could in substance do no more with reference to Hungary, Bulgaria and Rumania than it had done several times before, that is, to register a lack of votes for affirmative recommendation on their applications. This, we believe, ineffective as censure to the satellites. Recommendation to GA that GA should not admit these satellites would raise important constitutional objections in that it might be interpreted as implied affirmation of view championed by Argentina and opposed by almost all other members including US that Assembly can admit a member regardless of SC recommendation. US would be unable to support such recommendation.

4. We have serious doubts that it would be possible to avoid reconsideration by SC of all applications at this time if satellite applications are brought up.<sup>4</sup>

ACHESON

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<sup>3</sup> Telegram 373, March 19, from New York, transmitted Daily Classified Summary No. 52 of important events at the United Nations. It reported, *inter alia*, that González-Fernández proposed that an earlier General Assembly resolution regarding new members of the United Nations should be revised to eliminate Bulgaria, Hungary, and Romania from the list of applicants to be considered by the Security Council (501.A Summaries/3-1949).

<sup>4</sup> Telegram 407, March 24, from New York, not printed, reported that Cuban Representative Alvarez had informed the United States Mission that he would not bring up the Mindszenty case during his term as President of the Security Council in the month of March (501.BC/3-2449).

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740.0011 EW (Peace)/3-2549: Telegram

*The Ambassador in the United Kingdom (Douglas) to the  
Secretary of State*

SECRET URGENT

LONDON, March 25, 1949—3 p. m.

1188. Talbot<sup>1</sup> informed us British agree to act with US in invoking treaty machinery (Deptels 867 March 15<sup>2</sup> and 998 March 23<sup>3</sup>) and

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<sup>1</sup> Lord Talbot de Malahide, Acting Head of the Southern Department, British Foreign Office.

<sup>2</sup> Not printed: it stated that the Department was prepared to postpone delivery of notes to Bulgaria, Hungary, and Romania but believed that they should be delivered at the latest during the week of March 28 (740.0011 EW (Peace)/3-1549).

<sup>3</sup> Not printed; it transmitted, at the urgent request of the Foreign Office, the draft text of the note to be presented to Bulgaria, Hungary, and Romania (740.0011 EW (Peace)/3-2349).

will present parallel notes to 3 satellite govts at same time as US presents notes. Foreign Office would like as much time as possible to prepare texts their notes and therefore requests that US and UK notes not be presented until Saturday, April 2. Foreign Office wishes know whether Dept agrees this date.

Foreign Office requests that Dept telegraph US texts to American Legations Sofia, Budapest, Bucharest with instructions they be shown to British Legations those posts. Talbot said Foreign Office has no comments on US texts but that British notes may be shorter.

According Talbot, Foreign Office inclined to favor immediate publication notes on presentation and urgently desires know Dept's thinking this regard.<sup>4</sup>

DOUGLAS

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<sup>4</sup> Telegram 1053, March 26, to London, not printed, replied that the Department was gratified by the British decision and agreed to the presentation of notes on April 2 and the immediate release of text to press (740.0011 EW (Peace)/3-2649).

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### *Editorial Note*

On instruction of the Department of State, United States Legation notes were delivered to the Hungarian and Romanian Governments on April 2 and to the Bulgarian Government on April 4 (having been delayed due to Legation communications difficulties). The notes reviewed in general terms the many acts committed by the governments of Hungary, Romania, and Bulgaria in contravention of the human rights clauses of the treaties of peace. The notes called upon the governments to adopt prompt remedial measures and requested them to specify the steps which they were prepared to take in implementing fully the terms of the treaties. Similar British notes were also delivered to the three governments on April 2. At the request of the Canadian Government, the Hungarian and Romanian Governments were informed that Canada associated itself with the contents of the American and British notes. In notes of April 1 and 5, respectively, the Australian and New Zealand Embassies informed the Department of State of the intention of their governments to associate themselves with the American-British action. The American and British notes were released to the press on April 2. For the texts of the American notes and the brief explanatory statement issued to the press by the Department of State, see Department of State *Bulletin*, April 10, 1949, pages 450-453.

In notes delivered to the respective American Legations on April 8, April 19, and April 22, the Hungarian, Romanian, and Bulgarian Governments rejected the American notes of March 29. Nearly identical replies were also delivered to the British Legations at the same time. For unofficial translations of the texts of the Hungarian,



Romanian, and Bulgarian notes, as issued to the press by the Department of State on June 1, see Department of State *Bulletin*, June 12, 1949, pages 757-758, 758-759, and 755-756, respectively.

At his press and radio news conference on May 4, Secretary of State Acheson reviewed the replies of Bulgaria, Hungary, and Romania to the United States notes of April 2 (and 4). The Secretary announced that the Department of State was consulting interested treaty signatory governments with a view to proceeding under the appropriate treaty provisions for the settlement of disputes concerning the execution and interpretation of the treaties. For the text of the Secretary's statement, see *ibid.*, May 15, 1949, page 611.

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740.0011 EW (Peace)/4-2749 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*

CONFIDENTIAL

WASHINGTON, April 27, 1949—1 p. m.

1421. Having recd unsatisfactory replies from Bulg, Hung and Rum re violation human rights clause Peace Treaties,<sup>1</sup> Dept considers disputes exist under Arts 36, 40, 38 respective Treaties. First step, accordingly, request meetings three Heads of Mission, Sofia, Budapest, Bucharest to consider disputes and reach settlements if possible.

Dept believes desirable proceed jointly with UK. Parallel notes cld be presented Sov reps three capitals stating arts on settlement of disputes being invoked, and simultaneously requesting meet with Brit and US colleagues in effort reach settlements. Copies three notes wld be sent to respective Balkan Govts, and all Treaty signatories wld at same time be informed of steps being taken. At expiration two month period, if no settlements reached US and UK wld then approach each Balkan Govt again naming joint US-UK member of proposed commission and requesting govt in question to name second member and to discuss appointment of third.

In interest Western solidarity and expeditiousness, Dept is inclined to consider this procedure preferable to institution separate proceedings by US and UK, which wld mean separate commissions in each capital and consequent duplication.

Pls ascertain FonOff views as to proposed procedure and possible role Canada, Australia, New Zealand. Although these three dominions associated themselves with US or UK notes of Apr 2, we do not know to what degree they wish to continue actively in subsequent measures taken under settlement of disputes Arts Peace Treaties.

If FonOff in general agreement, Dept will transmit in subsequent

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<sup>1</sup> See editorial note, *supra*.



tel for Brit consideration draft texts notes to be delivered to Sov Reps three capitals.

ACHESON

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740.0011 EW (Peace)/4-2949 : Telegram

*The Ambassador in the United Kingdom (Douglas) to the Secretary of State*

SECRET

LONDON, April 29, 1949—noon.

1651. Rumbold,<sup>1</sup> to whom we communicated contents Deptel 1421, April 27<sup>2</sup> on its receipt, has informed us that Foreign Office agrees in general with Department's proposed procedure regarding satellite treaty implementation, but feels that there should be further notes to Bulgarian, Hungarian, Rumanian Governments<sup>3</sup> stating that dispute exists within meaning Articles 36, 40, 38 respective treaties, informing three governments that matter is being referred to three heads Mission accordance those articles, and enclosing copies notes to Soviet representatives three capitals contemplated Deptel 1421. Rumbold said Foreign Office will give Embassy in next day or so draft text notes to three Balkan Governments for transmission to Department for its consideration, and Foreign Office hopes to receive Department's draft text notes to Soviet representatives three capitals.<sup>4</sup>

DOUGLAS

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<sup>1</sup> Sir Horace Rumbold, Head of the Southern Department, British Foreign Office.

<sup>2</sup> *Supra*.

<sup>3</sup> Telegram 1516, May 4, to London, not printed, replied that the Department of State agreed that there should be further notes to the Bulgarian, Hungarian, and Romanian Governments stating that their replies to the earlier notes were unsatisfactory, that a treaty dispute existed, and that the matter was being referred to the heads of mission in accordance with the appropriate articles of the peace treaties (740.0011 EW (Peace)/4-2949).

<sup>4</sup> The draft British note under reference here was subsequently transmitted in telegram 1803, May 9, from London, not printed (740.00119 EW (Peace)/5-949). The draft American note to the Soviet heads of mission in Bulgaria, Hungary, and Romania was sent in telegram 1516 to London (see previous footnote).

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### *Editorial Note*

The question of the observance in Bulgaria and Hungary of human rights and fundamental freedoms was considered by the United Nations General Assembly during its Third Regular Session, Second Part, held at Lake Success and Flushing Meadow, New York, April 5–May 20, 1949. In a letter of March 16 to the United Nations Secretary General (U.N. Doc. A/820), the Bolivian Mission to the United Nations proposed that the General Assembly study the legal proceed-

ings of the Hungarian Government against Cardinal Mindszenty. On March 19 the Australian Mission to the United Nations proposed (U.N. Doc. A/821) that the question of the observance of fundamental freedoms and human rights in Bulgaria and Hungary, particularly in relation to the recent trials of Church officials in those countries, be placed on the agenda of the General Assembly. After a lengthy debate, the General Committee followed the suggestion of the United States Delegation and voted on April 7 to include on the General Assembly agenda an item combining the Bolivian and Australian proposals. At its 190th plenary meeting on April 12, the General Assembly referred the question to the *Ad Hoc* Political Committee. The *Ad Hoc* Political Committee discussed the issue during its 34th to 41st meetings, April 19 to 22. Three principal draft resolutions for dealing with the question were considered. A Cuban draft resolution (U.N. Doc. A/AC.24/48/Rev. 2) proposed the establishment of a special 15-member fact finding committee to elucidate the acts alleged to have been committed in Bulgaria and Hungary against human rights and fundamental freedoms. A Bolivian draft resolution (U.N. Doc. A/AC.24/51/Corr. 1) proposed that the General Assembly express its "deep concern," support the steps taken by the peace treaty signatories regarding the accusations, and retain the matter on the agenda for the Fourth Session of the Assembly. An Australian draft resolution (U.N. Doc. A/AC.24/52) proposed the establishment of a small committee to investigate the matter. The Cuban and Australian draft resolutions were subsequently withdrawn, and in their stead there was proposed a joint Australian-Cuban amendment (U.N. Doc. A/AC.24/56) to the draft Bolivian resolution calling for the establishment of a committee of inquiry to investigate the charges. A Chilean amendment (U.N. Doc. A/AC.24/53) to the Bolivian draft resolution "condemning" the acts committed by Bulgaria and Hungary, and a joint Colombian-Costa Rican amendment (U.N. Doc. A/AC.24/54) to the Bolivian draft resolution providing for reconsideration of the General Assembly recommendation on membership of Bulgaria and Hungary in the United Nations were also submitted but were subsequently withdrawn at the request of the United States Delegation. For the texts of the draft resolutions and amendments referred to here, see United Nations, *Official Records of the General Assembly, Third Session, Second Part, Ad Hoc Political Committee, Annexes*, pages 2-11. In a speech to the *Ad Hoc* Political Committee on April 18, Benjamin V. Cohen, the United States Delegate to the General Assembly, reviewed in some detail the suppression of human rights in Bulgaria and Hungary and expressed support for the Bolivian draft resolution. For the text of Cohen's address, see Department of State *Bulletin*, May 1, 1949, pages 556-560. At its 41st meeting on April 22, the *Ad Hoc* Political Committee rejected the Australian-



Cuban amendment and adopted the Bolivian draft resolution by a vote of 34 to 6, with 11 abstentions. For the official records of the meetings of the *Ad Hoc* Political Committee on this question, see United Nations, *Official Records of the General Assembly, Third Session, Second Part, Summary Records of Meetings*, pages 161-176.

The General Assembly considered the recommendation of the *Ad Hoc* Political Committee at its 201st to 203rd plenary meetings, April 29 and 30. The resolution as a whole was adopted by the General Assembly at its 203rd meeting, April 30, by a vote of 34 to 6, with 9 abstentions. For the official records of these General Assembly meetings, see United Nations, *Official Records of the General Assembly, Third Session, Second Part, Plenary Meetings*, pages 225-273. For the text of the resolution adopted, see *infra*.

The basic official American documents (telegrams, memoranda, etc.) regarding the transactions in the United Nations General Assembly and its *Ad Hoc* Political Committee is included in case 501.BD of the Central Files of the Department of State. Certain specialized documentation on human rights questions before the United Nations is included in case 501.BD Human Rights. Daily summaries, both classified and unclassified, on the transactions in General Assembly and its committees and ancillary bodies as well as on the activities of and information reaching the United States Mission at the United Nations were prepared by the Mission at New York and transmitted by telegram to the Department of State. These daily summaries are included in case 501. Summaries of the Department's Central Files. The comprehensive and voluminous collection of materials on the transactions of the General Assembly and the activities of the United States Mission is contained in the Department of State's special International Organizations "Lot File".

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*Resolution Adopted by the United Nations General Assembly*<sup>1</sup>

272 (III)

OBSERVANCE IN BULGARIA AND HUNGARY OF HUMAN RIGHTS AND  
FUNDAMENTAL FREEDOMS

*The General Assembly,*

*Considering* that one of the purposes of the United Nations is to achieve international cooperation in promoting and encouraging respect for human rights and fundamental freedoms for all, without distinction as to race, sex, language or religion,

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<sup>1</sup> Reprinted from United Nations, *Official Records of the General Assembly, Third Session, Second Part, Resolutions*, pp. 17-18. Regarding the transactions in the General Assembly and its *Ad Hoc* Political Committee leading to the adoption of this resolution, see the editorial note, *supra*.



*Considering* that the Governments of Bulgaria and Hungary have been accused, before the General Assembly, of acts contrary to the purposes of the United Nations and to their obligations under the Peace Treaties to ensure to all persons within their respective jurisdictions the enjoyment of human rights and fundamental freedoms,

1. *Expresses* its deep concern at the grave accusations made against the Governments of Bulgaria and Hungary regarding the suppression of human rights and fundamental freedoms in those countries;

2. *Notes* with satisfaction that steps have been taken by several States signatories to the Peace Treaties with Bulgaria and Hungary regarding these accusations, and expresses the hope that measures will be diligently applied, in accordance with the Treaties, in order to ensure respect for human rights and fundamental freedoms;

3. *Most urgently draws* the attention of the Governments of Bulgaria and Hungary to their obligations under the Peace Treaties, including the obligation to co-operate in the settlement of all these questions;

4. *Decides* to retain the question on the agenda of the fourth regular session of the General Assembly of the United Nations.

Two hundred and third plenary meeting,  
30 APRIL 1949.

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740.0011 EW (Peace)/5-949 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*

SECRET

WASHINGTON, May 13, 1949—7 p. m.

1658. Dept preparing to cable Budapest, Bucharest, Sofia in near future texts notes to Hung, Rum, Bulg Govts re violation human rights and ltrs to respective Sov and Brit Heads of Mission respective capitals invoking disputes Art Peace Treaties.

Notes to satellite Govts follow general lines Brit draft Embtel 1803 May 9.<sup>1</sup> Our notes have additional sentence stating that accusations against US contained in replies to notes of Apr 2 are demonstrably false and irrelevant to matter at hand.

Ltrs to Sov Heads of Mission substantially same as in Deptel 1516 May 4,<sup>2</sup> on which we have not yet received Brit comments.

Dept sees no reason why separate disputes of US and UK with respective Balkan Govts shld not be merged even before commission stage suggested by FonOff (urtel 1803 May 9). We propose adding to ltrs of US reps to Sov colleagues fol para :

"It is my understanding that BritMin is sending you today communication similar to my present ltr, calling attention to existence of dispute between UK and Bulg (Rum, Hung) concerning Bulg's non-

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<sup>1</sup> Not printed, but see footnote 4 to telegram 1651, April 29, from London, p. 243.

<sup>2</sup> Not printed, but see footnote 3 to telegram 1651, April 29, from London, *ibid*.

compliance with Art 2 Peace Treaty, and invoking procedures laid down in Art 36. I shld like to suggest, for purposes of convenience, that these two disputes be considered together by the three Heads of Mission."

We shld like to know Brit views on this suggestion and possible date for delivery these notes and ltrs. Having already publicly announced intention to take next step, we consider long delay unwise.<sup>3</sup>

ACHESON

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<sup>3</sup> Telegram 1904, May 16, from London, not printed, reported that the British Foreign Office agreed with substance of the procedures proposed by the Department of State (740.0011 EW (Peace)/5-1649). Telegram 1971, May 19, from London, not printed, reported that British Foreign Secretary Bevin agreed to proceed without delay with the next steps in the peace treaty implementation procedure (740.0011 EW (Peace)/5-1949). Telegram 2014, May 23, from London, not printed, reported that Foreign Office proposed that the notes to the Bulgarian, Hungarian, and Romanian Governments and the letters to the Soviet heads of mission be delivered in Sofia, Budapest, and Bucharest on May 31. The Foreign Office also stated that Canada, Australia, and New Zealand wished to be associated in the new action (740.0011 EW (Peace)/5-2349).

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### *Editorial Note*

On May 31 United States Legation notes were delivered to the Bulgarian, Hungarian, and Romanian Governments rejecting as unsatisfactory the replies of those governments to the earlier Legation notes of April 2 which had protested the violation or non-fulfillment of the human rights clauses of the treaties of peace (see editorial note, page 241). The May 31 Legation notes went on to invoke those clauses of the peace treaties which provided procedures for the settlement of disputes. Also on May 31 the United States Chiefs of Mission in Sofia, Budapest, and Bucharest presented letters to their British and Soviet colleagues reviewing the recent exchange of notes between the Legation and the government to which it was accredited and requesting that the three allied Chiefs of Mission meet to consider the disputes in accordance with the appropriate articles of the treaties of peace. In releasing the texts of the new American notes of May 31 to the press together with the texts of the Bulgarian, Hungarian, and Romanian communications to which they responded, Under Secretary of State James Webb issued a statement reviewing the recent exchanges of notes and serving notice of the American intention to press for resolution of the disputes arising from the violations of treaty obligations and the denial of peoples of their fundamental freedoms. For the texts of the Legation notes of May 31 and the Under Secretary of State's statement, see Department of State *Bulletin*, June 12, 1949, pages 756, 758, and 759-760. The texts of the letters of May 31 to the Soviet and British Chiefs of Mission were included as annexes 10-15 to U.N. Doc. A/985/Res.1 (see the editorial note, page 260).



Parallel notes and letters were also delivered by the British representatives in Bulgaria, Hungary, and Romania on May 31, and the Australian, New Zealand, and Canadian Governments associated themselves with the British actions.

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740.0011 EW (Peace)/5-3149

*The Acting Secretary of State to the Ambassador of the Soviet Union  
(Panyushkin)*<sup>1</sup>

The Acting Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics and has the honor to refer to the Treaties of Peace concluded by the Allied and Associated Powers with Bulgaria, Hungary and Rumania, which were signed in Paris on February 10, 1947.

The Government of the United States, in notes under date of April 2, 1949, charged the Governments of Bulgaria, Hungary and Rumania with repeated and systematic violations of the Articles of the respective Treaties of Peace obligating those Governments to secure to all persons under their jurisdiction the enjoyment of human rights and of the fundamental freedoms. Having received replies to these notes which it regards as unsatisfactory, the United States Government has informed the Governments of Bulgaria, Hungary and Rumania that it considers that a dispute has arisen with each of those Governments concerning the interpretation and execution of the respective Treaties of Peace. Notes informing the three Governments to this effect are being delivered in Sofia, Budapest and Bucharest on May 31, 1949.<sup>2</sup>

In these notes the United States Government invokes Article 36 of the Treaty of Peace with Bulgaria, Article 40 of the Treaty of Peace with Hungary, and Article 38 of the Treaty of Peace with Rumania, which provide procedures for the settlement of such disputes. The United States Chiefs of Mission in Sofia, Budapest and Bucharest are at the same time addressing letters to their British and Soviet colleagues enclosing copies of the relevant documents and requesting, in each case, a meeting of the three Chiefs of Mission to discuss the aforementioned disputes in accordance with the procedure specified in the respective Treaties.

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<sup>1</sup> Identical notes, *mutatis mutandis*, were also sent to the Ambassadors of the other governments which were signatories of the treaties of peace with Bulgaria, Hungary, and Romania: Australia, New Zealand, India, Czechoslovakia, and Yugoslavia. A similar note was sent to the Canadian Ambassador whose government was a signatory only of the treaties of peace with Hungary and Romania. A similar note was also sent to the Greek Ambassador whose government was a signatory only of the treaty of peace with Bulgaria.

<sup>2</sup> Regarding the notes under reference here (more specifically identified in the list of enclosures to this note), see editorial note, *supra*.



spective Reps can be brought up for consideration. Views of FonOff Socialist Republics would transmit the enclosed copies of the documents in question to the Governments of the Byelorussian Soviet Socialist Republic and of the Ukrainian Soviet Socialist Republic, respectively, for their information as signatories of the Treaties of Peace.

*Enclosures:*

1. Two copies of United States note to Bulgaria, April 2, 1949.
2. Two copies of Bulgarian note to the United States, April 21, 1949.
3. Two copies of United States note to Bulgaria, May 31, 1949.
4. Two copies of United States note to Hungary, April 2, 1949.
5. Two copies of Hungarian note to the United States, April 8, 1949.
6. Two copies of United States note to Hungary, May 31, 1949.
7. Two copies of United States note to Rumania, April 2, 1949.
8. Two copies of Rumanian note to the United States, April 18, 1949.
9. Two copies of United States note to Rumania, May 31, 1949.

WASHINGTON, May 31, 1949.

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740.0011 EW (Peace)/6-449 : Telegram

*The Acting Secretary of State to the Embassy in the United Kingdom*

CONFIDENTIAL

WASHINGTON, June 4, 1949—1 p. m.

1940. After expected failure Heads of Mission in three Balkan capitals to settle disputes violations human rights clauses Peace Treaties in stipulated two-month period, Dept believes US, UK and Dominions shld be ready proceed immed to naming Comms accordance Treaties. It seems desirable, in Comm stage as in Heads of Mission stage, to consolidate the four or five disputes with each Balkan country into one dispute. Thus there would be three disputes, each between group of Allied Powers and ex-enemy state. If such amalgamation disputes agreed by US, UK and Dominions, respective Balkan Govts cld be notified when Comm stage reached and asked if any objection to proceeding in that manner. We are considering desirability naming one American, one Briton and one Rep from a Dominion to represent Allied Powers on three Comms. When agreement reached on how Allied Reps will be selected, names of prospective Reps can be brought up for consideration. Views of FonOff desired on above procedure or suggestion alternative.

Amalgamation disputes will of course necessitate close US-UK cooperation in preparation cases. Dept has asked Brit Emb to inform us what Brit Govt doing in way of preparation, so that we may arrange coordination and avoid duplication of effort.

WEBB

740.0011 EW (Peace)/6-1149

*The Embassy of the Soviet Union to the Department of State*<sup>1</sup>

[Translation]

No. 74

In connection with the note of the Acting Secretary of State to the Soviet Ambassador in Washington dated May 31, 1949,<sup>2</sup> as well as in connection with the notes of the missions of the U.S.A. in Bulgaria, Hungary, and Rumania, delivered on the same day to the Ambassadors of the U.S.S.R. in the aforementioned countries, regarding the calling of a conference of the three heads of the diplomatic missions for a consideration of the dispute which has arisen between the Government of the U.S.A. and the Governments of Bulgaria, Hungary, and Rumania concerning the interpretation of the peace treaties, the Embassy of the Union of Soviet Socialist Republics, upon instructions from the Soviet Government, states the following:

The Soviet Government has studied the aforementioned notes, as well as the notes of the Government of the U.S.A. dated April 2 of this year to Bulgaria, Hungary, and Rumania, in which the Government of the U.S.A. accuses these countries of violating the peace treaties and, in particular, those articles of the treaties which have to do with the security of human rights and the fundamental freedoms.<sup>3</sup> The Soviet Government has also studied the notes of the Governments of Bulgaria, Hungary, and Rumania in reply to the Government of the U.S.A.

The Government of the Union of Soviet Socialist Republics considers that in the notes in reply of the Governments of Bulgaria, Hungary, and Rumania to which reference has been made an exhaustive reply has been given to the accusations of violating the peace treaty which were made to these countries by the Government of the U.S.A. It is evident from these replies that the Governments of Bulgaria, Hungary, and Rumania are strictly fulfilling the obligations undertaken by them under the peace treaties, including the obligations having to do with the security of human rights and the fundamental freedoms.

The measures of the Governments of Bulgaria, Hungary, and Rumania concerning which the Government of the U.S.A. expressed its dissatisfaction in the notes of April 2 of this year, not only are not a violation of the peace treaties, but on the contrary, are directed toward the fulfillment of the peace treaties which obligate the said countries to combat organizations of the fascist type and other organizations "which have as their aim denial to the people of their democratic rights". It is self-evident that such measures carried out by Bulgaria, Hungary, and Rumania for the purpose of fulfilling the

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<sup>1</sup>The Russian-language original was initialled by Soviet Ambassador Panyushkin.

<sup>2</sup>*Ante*, p. 248.

<sup>3</sup>Regarding the notes under reference here, see editorial note, p. 241.

articles of the peace treaties are fully within the domestic competence of these countries as sovereign states.

The Soviet Government appraises the aim of the Government of the U.S.A. artificially to convert this question into a subject of dispute as a direct attempt to utilize the peace treaties for intervention in the domestic affairs of Bulgaria, Hungary, and Rumania, with the aim of exerting pressure on their domestic policy.

In view of this, the Embassy of the U.S.S.R. is authorized to state that the Soviet Government does not see any ground for convening the three heads of the diplomatic missions for the purpose of considering the questions touched upon in the notes of the missions of the U.S.A. to Bulgaria, Hungary, and Rumania dated May 31 of this year, and in the Department of State's note of the same date.<sup>4</sup>

WASHINGTON, June 11, 1949.

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<sup>4</sup> In the course of the press and radio news conference of June 15, Acting Secretary of State Webb issued a statement regarding this Soviet note. The Acting Secretary observed that the United States could not accept the validity of the arguments advanced in the note, and he stated that the Soviet Government "and its Balkan satellites" had created a presumption of guilt against themselves. The United States intended to go forward with the next step in peace treaty procedures for the settlement of disputes. For the text of the Acting Secretary's statement, see Department of State *Bulletin*, June 26, 1949, pp. 824-825.

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740.0011 EW (Peace)/6-1149

*The Secretary of State to the Ambassador of the Soviet Union*  
(Panyushkin)<sup>1</sup>

The Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics and has the honor to acknowledge receipt of the Embassy's note No. 74 of June 11, 1949.<sup>2</sup> The Embassy's note stated the views of the Soviet Government with reference to (1) the Acting Secretary of State's note of May 31, 1949<sup>3</sup> transmitting for the information of the Governments of the Byelorussian Soviet Socialist Republic and of the Ukrainian Soviet Socialist Republic, as signatories to the Treaties of Peace with Bulgaria, Hungary and Rumania, copies of notes exchanged between the United States Government and the Governments of Bulgaria, Hungary and Rumania concerning disputes arising out of violations of the clauses of the respective Treaties of Peace which guarantee the enjoyment of human rights to all persons under the jurisdiction of those three states; and (2) the letters sent on May 31, 1949 by the American Chiefs of Mission in Bulgaria, Hungary and

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<sup>1</sup> The text of this note was released to the press on July 1. A similar but briefer note was sent by the British Secretary of State for Foreign Affairs to the Soviet Ambassador in the United Kingdom on June 30 and was released to the press that same day.

<sup>2</sup> *Supra*.

<sup>3</sup> *Ante*, p. 218.



Rumania to their Soviet colleagues<sup>4</sup> requesting that the Heads of Mission of the United States, the United Kingdom and the Union of Soviet Socialist Republics in those three countries meet, in accordance with the terms of the Peace Treaties, to consider the disputes which have arisen concerning the interpretation and execution of the Treaties.

It is noted that no direct reply has been made by the Soviet Ambassadors in Bulgaria, Hungary and Rumania to the above-mentioned letters of the American Chiefs of Mission.

The United States Government regrets that the Government of the Union of Soviet Socialist Republics, by its refusal to cooperate in the consideration of the disputes by the three Heads of Mission in Bulgaria, Hungary and Rumania, has itself shown disregard for the stipulations of the Peace Treaties providing explicitly that any dispute concerning the interpretation or execution of the Treaties which is not settled by direct diplomatic negotiations shall be referred to the three Heads of Mission.

The existence of disputes between the United States Government and the Governments of Bulgaria, Hungary and Rumania respectively cannot be questioned. According to notes exchanged with these three governments, the United States Government has charged them with repeated and systematic violations of certain clauses of the Treaties of Peace, and they have replied asserting that their acts do not constitute such violations. The Soviet Government, in the Embassy's note of June 11, 1949, has associated itself with the position of the Governments of Bulgaria, Hungary and Rumania in denying that the Treaties have been violated. This interpretation is disputed by the United States and by other signatories of the Treaties of Peace. The procedures set forth in Article 36 of the Treaty of Peace with Bulgaria, Article 40 of the Treaty of Peace with Hungary, and Article 38 of the Treaty of Peace with Rumania are precisely applicable to these disputes.

The opinions of the Soviet Government on the merits of the disputes, as expressed in the Embassy's note of June 11, deserve full consideration. They are, however, irrelevant to the question whether or not disputes exist and to the matter of instituting the procedures called for by the above-mentioned Articles of the Treaties of Peace.

The Embassy's note states that "it is self-evident that the measures carried out by Bulgaria, Hungary and Rumania with the aim of ful-

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<sup>4</sup> Not printed, but see editorial note, p. 247.

filling the articles of the Treaties of Peace rest wholly within the internal competence of these countries as sovereign states." The United States Government cannot agree that the fulfillment of international treaty obligations can be considered as a purely domestic affair. The application of such a theory would not only permit the total circumvention of treaty obligations but would destroy the very basis of international law.

At the 190th Plenary Meeting of the Third Session of the General Assembly of the United Nations, April 12, 1949, the Delegate of the Union of Soviet Socialist Republics, in objecting to consideration by the General Assembly of charges of violation of human rights in Bulgaria and Hungary, cited Article 36 of the Treaty of Peace with Bulgaria and Article 40 of the Treaty of Peace with Hungary and stated: "Even if there were any violation of the Peace Treaties by Bulgaria and Hungary, the states alleging such violations should adhere to the procedures stipulated in the Peace Treaties themselves." Whether there have been such violations is in dispute. The United States, as a signatory power making such allegations, had already, on April 2, 1949, initiated measures with a view to the application of the Treaty clauses cited by the Soviet delegate. The resolution of the General Assembly on the subject, adopted on April 30, 1949, noted these measures with satisfaction, expressed the hope that they would be diligently applied, and most urgently drew the attention of the Governments of Bulgaria and Hungary to their obligations under the Peace Treaties, including the obligation to cooperate in the settlement of disputes. The Soviet Government, however, by its present attitude, shows that it is unwilling itself to act in accordance with these Treaty procedures. This attitude of the Soviet Government represents an obstacle to the settlement of disputes which have arisen under the Treaties of Peace.<sup>5</sup>

In the light of the foregoing, the United States Government hopes that, on further reflection, the Soviet Government will see fit to reconsider its decision as conveyed in the Embassy's note of June 11, 1949, and will instruct its representatives at Sofia, Budapest, and Bucharest to meet with their respective American and British colleagues as the latter requested in their letters delivered on May 31, 1949.

WASHINGTON, June 30, 1949.

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<sup>5</sup> Regarding the discussions in the United Nations General Assembly, Third Session, Second Part, during April 1949 leading to the adoption of a resolution regarding the violation of human rights in Hungary and Bulgaria, see editorial note, p. 243.

740.0011 EW (Peace)/6-2049: Telegram

*The Secretary of State to the Embassy in the United Kingdom*

CONFIDENTIAL

WASHINGTON, July 6, 1949—7 p. m.

2333. Herewith Dept's comments FonOff suggestions contained ur A-1152 June 20<sup>1</sup> re Balkan Treaty implementation (Embtel 2520 June 29<sup>2</sup>).

1. Propose US and UK Mins three capitals deliver parallel notes Aug 1 stating disputes not settled by three Heads Mission in two months and no mutual agreement by parties on another means of settlement therefore accordance Treaties disputes shall be referred to Comms at request US and UK.

2. US notes will give names of individuals chosen as US members, UK notes those chosen as UK members and also those chosen by Dominions. In each capital all Allied Govts concerned will select same man. Dept suggests Allied member for Hung Comm be Dominion citizen, for Rum Comm an American, for Bulg Comm an Englishman. Will submit name US member shortly for approval UK and Dominion Govts. Comms need not, in our view, be legal luminaries, although they might be.

3. We do not (and this is only major point on which Dept views differ from those of FonOff) believe notes of Aug 1 shld name proposed neutral as well as Allied members of Comms. Seems premature at this stage and might appear to give Balkan Govts better grounds for refusing name their members. Shld be sufficient to name Allied members, ask Balkan Govts name theirs, and suggest meeting to discuss choice of third.

4. Agree consolidation four or five disputes with each country into one not provided for by letter of Treaties and shld be proposed only as matter of convenience subject to consent Balkan Govts. In any case the four or five Allied powers wld all name same commissioner in each instance.

5. Case against each ex-enemy state prepared jointly shld be pre-

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<sup>1</sup> Not printed. It transmitted the text of a British Foreign Office communication setting forth preliminary comments to the suggestions contained in telegram 1940, June 4, to London, p. 249 (740.0011 EW (Peace)/6-2049). The Foreign Office pointed out that the attitude of the Soviet Union made it appear highly unlikely that Bulgaria, Hungary, and Romania would take part in the commissions to which disputes were to be referred under the terms of the peace treaties. The Foreign Office nevertheless believed that it was necessary to make a serious effort to have the human rights disputes brought before such treaty commissions in order to clear the path for consideration of the issues by the United Nations General Assembly. The communication went on to make various proposals regarding the designation of American, British, and Dominion, as well as neutral, representatives to the treaty commissions (740.0011 EW (Peace)/6-2049).

<sup>2</sup> Not printed; it reported the Foreign Office's inquiry as to the Department's comments on the communication identified in the previous footnote (740.0011 EW (Peace)/6-3049).



sented to Comm, as FonOff suggests, by one man for Allied powers. Dept suggests tentatively American for Bulg case, Englishman for Hung, Dominion citizen for Rum. These men wld not definitely be chosen until certain that Comms wld function, but cld be earmarked for service if necessary.

6. Treaties do not specify where Comms shld sit, but we believe three Balkan capitals logical places of meeting. Comms wld be closer to situation than if in neutral country and in better position to ask cooperation of local govts in making evidence available. Dept agrees this point need not be raised unless Balkan Govts consent to name commissioners.<sup>3</sup>

7. We assume UK is handling matter with Dominions and will ask their consent to arrangements agreed on between Dept and FonOff. Canadians occasionally consult us and we have kept them informed but expect their participation in Treaty procedures will be arranged through UK along with that of Australia and New Zealand.

Pls cable FonOff reaction this tel and results UK-Dominions consultation.<sup>4</sup>

Sent London rptd Budapest, Bucharest, Sofia.

ACHESON

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<sup>3</sup> The Foreign Office had suggested that the treaty commissions might logically meet in some neutral country.

<sup>4</sup> Telegram 2782, July 15, from London, not printed, transmitted the text of a British Foreign Office communication replying to the points made in the telegram printed here. The only point of substance on which the Foreign Office differed with the Department of State was on the question of naming the American, British, and Dominion representatives to the treaty commissions. The suggestion had originally been made by the Foreign Office. The Foreign Office apologetically explained that it had experienced a certain amount of difficulty in resolving the appointments with Australia, New Zealand, and Canada (740.0011 EW (Peace)/7-1549).

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501.BB/7-849 : Airgram

*The Secretary of State to the Embassy in the United Kingdom*

SECRET

WASHINGTON, July 8, 1949.

A-755. Reference Embassy's telegram No. 2327, June 16, 1949.<sup>1</sup>

In that telegram the Foreign Office requested our views as to what action the United Nations General Assembly should take next fall on its agenda item concerning human rights in Bulgaria and Hungary. The following is our preliminary thinking on this question:

1. In the unlikely event that the satellites appoint their representatives on the Peace Treaties commissions, the General Assembly should postpone consideration of this item pending the outcome of the commissions proceedings. This is fully in accord with the General Assembly resolution passed on this subject last spring.

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<sup>1</sup> Not printed.

2. It is more likely, however, that by the time the General Assembly opens it will be clear that the satellites are unwilling to appoint their representatives for the Treaty commissions. Their refusal will constitute a disregard of the General Assembly recommendation of last spring to cooperate in the settlement under the Peace Treaties, as well as a new violation of the articles of the Peace Treaties regarding the settlement of disputes concerning the interpretation or execution of the Treaties. This is a defiance both to the United Nations and to international law and is of fundamental importance. Since the General Assembly has already determined that Peace Treaty proceedings are the appropriate method in the first place to handle this matter, we believe that the General Assembly action next fall should be directed primarily to this issue which lends itself also to an effective political use.

3. Prior to the opening of the General Assembly session, when it becomes clearly established that the satellites will not appoint their representatives on the commissions, we might advise the Secretary General of the situation in a formal communication. This would be appropriate since under the Peace Treaties the Secretary General is to appoint the third member of the commission in the absence of agreement between representatives of the parties. We would not request him at this stage to appoint the third members despite the satellites' refusal to name the second members.

4. It might become necessary to extend the present agenda item so as to include Rumania, particularly if any General Assembly action on the merits of the case is contemplated. The request for such extension, as a matter of good practice, should be filed with the Secretary General prior to the expiration of the deadline for submission of agenda items on the supplementary list (August 21). Perhaps Australia, as the original proponent of the agenda item and also as a signatory to the Peace Treaties would be interested in filing such request.

5. In the General Assembly the United States and the British would explain the case against Rumania and should emphasize the defiance of the satellites to the General Assembly resolution recommending cooperation in Treaty proceedings as well as the flagrant violation of the Treaty Articles providing the procedure for the settlement of disputes. We should state our willingness to refer to the International Court of Justice for determination:

(a) the question whether or not Treaty settlement procedures are applicable to our disputes (and whether satellites are under Treaty obligation to appoint their representatives on commissions); or

(b) the disputes on their merits (i.e., whether the satellites violated the human rights clauses of the Treaties).

6. In the Committee we might propose or support a General Assembly resolution along the following lines:

(a) The General Assembly recommends to the parties that they refer to the International Court of Justice for judicial determination in their discretion, either the question of applicability of Treaty procedures or the entire disputes;

(b) The General Assembly resolves that if within six weeks after the date of the resolution the Court is not seized of either



question by agreement of the parties, the Secretary General should pass to the International Court of Justice a request by the General Assembly for advisory opinion on the following questions: are the Treaty procedures for the settlement of disputes applicable; and is the Secretary General entitled under the Peace Treaties to appoint the third member of commissions in absence of appointments of the satellites' representatives.

(The General Assembly itself would formulate this request for an advisory opinion and attach it perhaps as an appendix to the resolution.)

(c) The General Assembly declares its continuing interest and concern in the grave charges made against the satellites and retains the question on the agenda for the fifth session so that responsibilities can be fully assessed by appropriate means.

7. We believe that a judicial determination of the issue of applicability of the procedural articles of the Peace Treaties is important not only as an additional pressure on the satellites but also as a basis for possible condemnation by the General Assembly of the satellite refusal to cooperate in the Treaty proceedings according to their international obligations and the recommendation by the General Assembly. We must, of course, anticipate that the determination by the Court will not lead to the establishment of commissions under the Treaties. In that event the General Assembly would have to assume that the efforts at a settlement through Treaty procedures had failed and it will have to take further action on the charges against the three satellites.

Since our disputes involve facts of great complexity, in the Department's view any General Assembly action beyond a recommendation of procedures for settlement would require an examination of facts through a procedure set up by the General Assembly. Perhaps the best method would be for the General Assembly to direct the Secretary General to appoint an impartial jurist of world-wide reputation who would examine the charges made against the three satellites in the General Assembly, receive any further information which might be made available to him by Member governments, make a determination of the issues and report with his conclusions to the parties to the disputes and to the following session of the General Assembly. This method would most closely approximate the proceedings in the Peace Treaties commissions in which the decisive vote would be cast by the third member. This member under the Peace Treaties would be appointed by the Secretary General in absence of an agreement by the representatives of the parties. This method of fact-finding by the General Assembly would emphasize the Peace Treaties aspect even in the action by the General Assembly.

As another alternative the General Assembly could set up a Special Committee along the lines of the Australian-Cuban proposal of last spring to sit in New York, look into the charges against the three countries and report to the General Assembly. Alternatively the General Assembly could request the Interim Committee to undertake the examination of the facts perhaps through a subcommittee sitting in New York, similar to the Security Council subcommittee in the Spanish case which collected information on Spain despite the absence of Spain. The General Assembly would express its opinion on the



merits of the charges on the basis of the preparatory work and conclusions submitted either by the appointee of the Secretary General, a Special Committee or the Interim Committee.

8. There is some question in our mind as to whether the above-proposed resolution recommending to the parties to go to the International Court of Justice and instructing the Secretary General to pass to the Court a General Assembly request for an advisory opinion in case they fail to do so would be a sufficient action for the next session of the General Assembly. It would perhaps be possible to add in the resolution a direction to the Secretary General to appoint an impartial jurist for fact-finding purposes in case the action by the Court should not lead to the resumption of the treaty proceedings within a reasonable time after the Court has rendered its opinion. Such resolution, however, would be a very complex document in that it would have to provide for a number of alternatives.

The above suggested resolution limited to the recommendation for judicial determination might not be enough for such states as Australia, New Zealand, Chile, Cuba and Colombia who were in favor of a more radical Assembly action already last spring. On the other hand, we recall twenty abstentions on the vote to place this item on the agenda, the strong reluctance on the part of the Scandinavian countries, most Western Europeans, Arabs, and a number of Latin Americans to support General Assembly action beyond discussion and recommendation of procedural steps as well as the negative attitude of others toward *any* General Assembly action in this matter (India, Argentina, and other Latin American members). We ourselves are somewhat concerned that the General Assembly decision to inquire into the substance of the charges of human rights violations even though Treaty obligations are involved in this particular case might constitute a precedent starting perhaps a long line of cases of charges and counter-charges. As the United States Delegate stated last spring, we believe that the General Assembly's role in this field at this stage of United Nations development should be primarily to promote agreement on common standards and assist in composing differences rather than acting as a court of review on individual cases although the General Assembly in our view is not barred in appropriate circumstances from expressing opinion or making recommendations on this type of case.

9. We would not favor a reference to the International Court of Justice of the question of General Assembly jurisdiction in this matter under Article 2(7) of the Charter. We believe that the General Assembly has jurisdiction to take the steps suggested above (cf. Fourth Advisory Opinion of Permanent Court of Justice on Moroccan and Tunisian nationality decrees). However, the Court should not be asked this jurisdictional question at this critical time in the development of international law in the human rights field when the Covenant on Human Rights and the problem of duties of a state towards its own citizens in the International Law Commission are in the process of final formulation.

Please discuss the above views with the Foreign Office, emphasizing their tentative character, and report their reaction at your earliest convenience.

ACHESON

740.0011 EW (Peace)/7-1949

*The Embassy of the Soviet Union to the Department of State*

[Translation]

No. 90

In connection with the note of the Secretary of State of June 30, 1949,<sup>1</sup> in which the question is put anew of the convocation of a meeting of the three chiefs of diplomatic mission for the discussion of questions touched upon by the government of the USA in notes to the missions of Bulgaria, Hungary, and Rumania of May 31 last, the Embassy of the USSR upon instruction of the Soviet Government states the following.

The Soviet Government cannot agree with the considerations set forth in the note of the Secretary of State mentioned above. Particularly, it is impossible to agree with the assertion of the Secretary of State of the USA that measures being carried out by the governments of Bulgaria, Hungary, and Rumania, in the course of internal government administration with the aim of defense of democracy from the encroachments on the part of pro-fascist and other organizations of a similar nature, can allegedly be put in the category of questions provided for by Article 36 of the Peace Treaty with Bulgaria, Article 40 of the Peace Treaty with Hungary, and Article 38 of the Peace Treaty with Rumania.

As was pointed out in the note of the Soviet Government of June 11 last,<sup>2</sup> these measures of the Bulgarian, Hungarian, and Rumanian governments not only are not a violation of the peace treaties, but pursue aims provided for by those articles of the peace treaties mentioned above, which obligate the governments of Bulgaria, Hungary, and Rumania to carry out measures for the dissolution of organizations of a fascist type and in the future not to permit the existence and activity of organizations of a similar nature directed against the democratic rights of the peoples.

Therefore, all references to violations of the peace treaties allegedly committed by Bulgaria, Hungary, and Rumania requiring the review of these questions in accordance with the procedure established for the review of disputes are artificial and misrepresent the actual sense of the articles of the reference peace treaties.

At the same time, the Embassy of the USSR considers it necessary to remark that the reference note of the Secretary of State, as well as the note of the Acting Secretary of State of May 31, 1949,<sup>3</sup> does not contain any new argument in favor of the convocation of the mentioned meetings.

In view of what has been set forth above, the Soviet Government does not see any basis for review of its position which was communicated in the note of Embassy of the USSR of June 11, 1949.

WASHINGTON, July 19, 1949.

<sup>1</sup> *Ante*, p. 251.

<sup>2</sup> *Ante*, p. 250.

<sup>3</sup> *Ante*, p. 248.



*Editorial Note*

On August 1 the United States Legations in Sofia, Budapest, and Bucharest delivered notes to the Bulgarian, Hungarian, and Romanian Governments asking those governments to join in the naming of commissions, under the peace treaty procedure, in order to reach a settlement of the disputes over the violation of the human rights clauses of the treaties. The notes observed that despite the invitation of May 31 (see the editorial note, page 247) the Soviet Union had refused to authorize its ambassadors in Bulgaria, Hungary, and Romania to join in a consideration of the human rights dispute as provided for in the peace treaties. For the text of the note to the Hungarian Government, which was substantially the same as those delivered to the Bulgarian and Romanian Governments, together with a Department of State explanatory statement issued to the press on August 1, see Department of State *Bulletin*, August 15, 1949, page 238.

The United Kingdom representatives delivered parallel notes to the Bulgarian, Hungarian, and Romanian Governments on August 1.

Replies to Legation notes of August 1 were received from the Bulgarian Government on September 1, from the Hungarian Government on August 26, and from the Romanian Government on September 2. In their replies the three Balkan Governments refused to cooperate in establishing treaty commissions, and they continued to deny that they had violated the human rights clauses of the peace treaties. In a statement issued at his press and radio news conference of September 14, Secretary of State Acheson announced receipt of the negative replies. The Secretary stated that the attitude of the three governments again called into question their good faith and provided "further illustration of their callous disregard of clear international obligations." For the text of the Secretary's statement, see *ibid.*, September 26, 1949, page 456. The texts of the Bulgarian, Hungarian, and Romanian notes were included as annexes 27, 26, and 28, respectively, to UN Doc. A/985/Res. 1 (see the editorial note, page 266).

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501.BB/8-349: Telegram

*The Secretary of State to the Embassy in the United Kingdom*<sup>1</sup>

SECRET

WASHINGTON, August 3, 1949—9 p. m.

2749. In absence answer to Dept A/755, July 8<sup>2</sup> (see also Deptel 2448, July 14<sup>3</sup>) we presume FonOff has no fundamental objection to our views on GA action on human rights item. We have given our

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<sup>1</sup> Repeated to the United States Mission to the United Nations at New York as telegram 406.

<sup>2</sup> *Ante*, p. 255.

<sup>3</sup> Not printed.



views to Canadians at their request and propose discuss them with other govts.

Re para 6, A/755. We now inclined omit para 6(a) providing for GA recommendation to parties that they refer to ICJ (1) either question of applicability of treaty procedures or (2) substance of disputes. As for (1) such recommendation wld be futile gesture since satellites will obviously not agree to go to Court on this issue. As for (2) GA has already expressed view that treaty proceedings are appropriate means of settlement and GA therefore shd not at this stage recommend another means of settlement, i.e., reference of disputes to ICJ. Such recommendation wld weaken our case before GA. Therefore we now believe GA shd directly request advisory opinion from Court on two procedural questions indicated in para 6(b) of A/755.

ACHESON

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740.0011 EW (Peace)/8-949 : Telegram

*The Ambassador in the United Kingdom (Douglas) to the  
Secretary of State*

SECRET

LONDON, August 9, 1949—4 p. m.

3126. Following are Foreign Office comments communicated to us by Rumbold on substance Department's A-755, July 8:<sup>1</sup>

Foreign Office agrees generally with paragraphs 1 to 4. Foreign Office states likelihood of satellites agreeing to appointing representatives to commissions so remote as not to be worth contemplating, and Foreign Office not for present taking any steps to appoint UK or Dominion representatives.

Foreign Office states only purpose of endeavoring to implement treaty machinery is to affect opinion in UN Assembly and western world generally, but feels we must recognize Assembly has heard so much about conditions behind Curtain that we are not likely to gain much by another fullscale debate on substance our charges. Foreign Office therefore thinks our object at this session should be to get an authoritative decision from International Court that satellite governments have defaulted on their treaty obligations. This would create new situation and furnish more solid foundation for our charges than would any amount fresh evidence we might be able to advance. Foreign Office feels that, while too much expect Assembly to avoid all debate on substance charges (and we could, if necessary, produce some material being collected), our object should be not to get another condemnatory resolution passed but to get Assembly to put direct question to International Court whether or not satellites are in de-

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<sup>1</sup> *Ante*, p. 255.

fault. Foreign Office feels Court likes to have issues presented in very precise terms and Foreign Office not in favor of substance of disputes being referred to Court, but believes Court should be asked to decide only whether satellites have broken treaty obligations by not conforming to implementation procedure. Foreign Office believes chances are Court would say satellites have broken treaty obligations this respect. Armed with this decision we should be in good position at next assembly, and should be able to say that reason satellites broke their obligations was obviously because they could not face prospect of their cases going before impartial commissions; that this was itself admission of satellites failure to give their people human rights which treaties were supposed assure them conversely Foreign Office not in favor of Assembly debate on issue whether satellites have broken treaties by refusing set up commission; only International Court can make authoritative pronouncements on legal issues of this kind.

Foreign Office sums up by saying it would be in favor of working for GA resolution (a) requesting Secretary General to obtain an advisory opinion from International Court on question whether satellites have broken their treaty obligations by not conforming to implementation procedure; (b) retaining question on agenda for next session.

Foreign Office is asking Australian Government whether it would be willing, as Department suggests, to file request with Secretary General that present item on agenda be extended to include Rumania.

With regard to paragraph 7 onwards of A-755 Foreign Office thinks it would be mistake to try to look too far into future and is not particularly attracted by idea of ultimately referring all charges to special committee or single jurist since apart from objections Department mentions this would drag matters out indefinitely. Regarding this Foreign Office states if committee or jurist were only allowed to receive information from "member governments" denial to satellites of opportunity of submitting counterevidence might be held to detract from value of inquiry.

DOUGLAS

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740.0011 EW (Peace)/8-949 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*

SECRET

WASHINGTON, August 25, 1949—2 p. m.

3053. Dept gratified FonOff gen agreement with our views re GA action on item dealing with human rights in satellite countries (urtel 3126, Aug. 9<sup>1</sup>). Pls pass fol further points to FonOff:

1. Taking into acct FonOff views, we are now considering exact

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<sup>1</sup> *Supra.*

phrasing of first question for inclusion in request for advisory opinion (para 6(b), A-755, July 8<sup>2</sup>) designed to determine whether satellites are obligated to carry out treaty procedures for settlement of disputes.

2. We note FonOff makes no comment on second question proposed for inclusion in request for advisory opinion, i.e., whether SYG is entitled under peace treaty to appoint third member of commissions in absence of appointments of satellite representatives (this question would include issue of competence of a commission to determine dispute in absence of appointment of satellite commissioners). Our views on inclusion of this question not yet definite. Pls obtain FonOff views on this.

3. Communication to SYG referred to in para 3 of A-755 shld in our view include copies of complete exchange of notes so that GA members are fully informed prior to opening of GA. We think communication shld be filed two or three days prior to session and shld include request to SYG that it be circulated to all members.

ACHESON

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<sup>2</sup> *Ante*, p. 255.

740.0011 EW (Peace)/9-749: Telegram

*The Chargé in the United Kingdom (Holmes) to the Secretary of State*

SECRET

LONDON, September 7, 1949—6 p. m.

3599. Substance letter dated September 3 from FonOff replies to Embassy letter re Deptel 3053 August 25<sup>1</sup> re treaty implementation:

FonOff legal advisers think a precise question should be put to International Court such as whether or not satellite governments were under obligation by terms of treaties to appoint their representatives to commissions envisaged by final clause of treaties when called upon to do so at proper time. FonOff is considering how this question should be drafted in proper legal form.

Letter refers to point raised in paragraph 2 of Deptel and states "we are advised that SYG is not entitled to appoint third members to commissions when satellite parties to disputes have not appointed theirs", and adds "there would indeed be no commissions for him to appoint members to." FonOff therefore does not think it would serve any useful purpose to put this question in International Court.

FonOff agrees entirely with suggestion made in paragraph 3 Deptel and is instructing British delegate to do so on or shortly before Saturday September 17.

FonOff states finally that Australian delegate on August 20 ar-

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<sup>1</sup> *Supra*.



ranged to place on provisional agenda an item concerning Rumania and gives text as following: "observance of fundamental freedoms and human rights in Rumania, including question of religious and civil liberty (in conjunction with analogous question raised by Australia in connection with Bulgaria and Hungary)." <sup>2</sup>

HOLMES

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<sup>2</sup> Under reference here is a letter of August 20 from the Australian Mission to the United Nations to the United Nations Secretary-General, circulated in the United Nations as document A/948.

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### *Editorial Note*

The United States Government replied on September 19 to the Bulgarian (September 1), Hungarian (August 26), and Romanian (September 2) (see the editorial note, page 260) notes refusing the United States request to join in the establishment of treaty commissions with a view to reaching settlement of the dispute over the violation of the human rights in the three Balkan countries. The notes, which were delivered by the Legations in Sofia, Budapest, and Bucharest, respectively, insisted that the existence of treaty disputes was self-evident and that refusal of the three Balkan Governments to comply with treaty procedure constituted a serious breach of treaty and pretext to obligations. The notes rejected the excuses resorted to by the Bulgarian, Hungarian, and Romanian Governments and advised that their recalcitrant attitude in the matter would in no way affect the determination of the United States to have recourse to all appropriate measures in securing compliance by all three governments with their treaty obligations. For the text of the note to the Romanian Government (as released by the Department of State to the press on September 19), which was substantially the same as the notes to Bulgaria and Hungary, see Department of State *Bulletin*, October 3, 1949, pages 514-515.

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760H.64/9-2749 : Telegram

### *The Chargé in Hungary (Cochran) to the Secretary of State*

CONFIDENTIAL

BUDAPEST, September 27, 1949—8 p. m.

1151. With regard Yugoslav note alleging existence dispute under treaty about reparations, which not solved by direct negotiations, and appealing to three chiefs mission under article 40 (Legtel 1150, Sep-

tember 27<sup>1</sup>), believe we should not attempt deny dispute exists as that would be following Soviet precedent on military clauses and human rights issue; but on contrary should accept Yugoslav declaration dispute exists and seek convoke heads missions. Of course, have no idea whatsoever that Soviets will agree thereto; but their failure do so will once more establish consistency their campaign to frustrate use treaty machinery to solve differences arising under it. Consequently suggest we and British reply acceding to request for meeting heads of mission, sending copy also Soviet Embassy and to Hungarian Government. No indication in Yugoslav note that copy sent Hungarians, so while Soviets will doubtless already have notified them informally, believe we should attach copy Yugoslav bill of complaint.

British Chargé concurs and is so informing London. We are both acknowledging receipt Yugoslav note, saying referred to Department and Foreign Office and will inform Yugoslav Legation when reply received.

Sent Department, repeated Belgrade 61, London 32.

COCHRAN

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<sup>1</sup> Not printed. In telegram 1154, September 27, from Budapest, Chargé Cochran reported the substance of note of September 27 from the Yugoslav Minister in Budapest, Djura Jovanović, asserting that a dispute existed regarding Hungary's failure to fulfill its reparations obligations to Yugoslavia under the terms of the Treaty of Peace with Hungary and requesting that the matter be handled by American, British, and Soviet heads of mission in Budapest as provided for under article 40 of the Treaty (740.0011 EW (Peace)/9-2749). Jovanović sent similar communications to the British Minister in Budapest, Geoffrey Wallinger, and to the Soviet Chargé, Mikhail Vladimirovich Smirnov. For the text of Jovanović's letter to Smirnov, see Yugoslav Ministry of Foreign Affairs, *White Book on Aggressive Activities by the Governments of the USSR, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria and Albania Towards Yugoslavia* (Beograd, 1951), pp. 103-105.

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740.0011 EW (Peace)/9-2949: Telegram

*The Acting Secretary of State to the Legation in Hungary*

CONFIDENTIAL      PRIORITY      WASHINGTON, October 1, 1949—4 p. m.

605. Accordance recommendations contained ur 1151 Sep 27<sup>1</sup> and concurred in by Emb Belgrade (Embtel 1004 Sep 28 rptd Budapest 53<sup>2</sup>), you are requested:

(1) Notify Yugo Min by letter (a) that in view statement in his note (ur 1154 Sep 27<sup>3</sup>) that dispute between Yugo and Hung re fulfillment reparations obligation under Art 23 Peace Treaty has not been settled

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<sup>1</sup> *Supra.*

<sup>2</sup> Not printed.

<sup>3</sup> Not printed, but see footnote 1 to telegram 1151, September 27, from Budapest, *supra*.

by diplomatic negotiations, you are prepared to meet with Brit and Sov Heads Mission to consider dispute conformity procedure specified Art 40 Treaty and (b) that you are informing Brit and Sov Reps Budapest and Hung FonMin to this effect.

(2) Address letters to Brit and Sov colleagues Budapest enclosing copies ur reply to Yugo Min and stating ur readiness meet with them at their convenience to consider dispute between Yugo and Hung in accordance provisions Art 40 Peace Treaty.

(3) Transmit to Hung FonMin for his info copies of Yugo complaint Sep 27 and of ur reply Yugo Min.

Forward copies above correspondence Dept soonest.<sup>4</sup>

Sent Budapest, rptd Belgrade, Moscow, London.

WEBB

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<sup>4</sup>Chargé Cochran's communications to Yugoslav Minister Jovanović, British Minister Wallinger, Soviet Chargé Smirnov, and Hungarian Minister for Foreign Affairs Gyula Kállai, all dated October 4, were transmitted to the Department as enclosures to despatch 818, October 6, from Budapest, none printed (740.0011 EW (Peace)/10-649).

Telegram 1166, September 30, from Budapest, not printed, reported that the British Chargé in Hungary had been authorized to address similar communications to his American and Soviet colleagues (740.0011 EW (Peace)/9-3049).

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### *Editorial Note*

The question of the observance in Bulgaria, Hungary, and Romania of human rights and fundamental freedoms was considered by the United Nations General Assembly during its Fourth Regular Session, held at Lake Success and Flushing Meadow, New York, September 20–December 10, 1949. The resolution (272(III)) concerning the observance in Bulgaria and Hungary of human rights and freedoms, adopted by the General Assembly, Third Session, Second Part, April 30 (page 245), provided for the retention of the subject on the agenda of the Fourth Session. In a letter of August 20 to the Secretary-General (U.N. Doc. A/948), the Australian Mission to the United Nations proposed that the observance of fundamental freedoms and human rights in Romania be added to the agenda of the General Assembly. In a letter to the Secretary-General dated September 20 (U.N. Doc. A/985), Warren R. Austin, the United States Representative to the United Nations, reviewed the measures taken by the United States, in accordance with the treaties of peace with Bulgaria, Hungary, and Romania, regarding the charges made against those governments on the question of violations of human rights and fundamental freedoms. As annexes to his letter, Austin submitted the texts of 31 exchanges of notes and letters from April 2 to September 19 between the United States and the governments of Bulgaria, Hungary, Romania, and the Soviet Union. For the text of Austin's letter and its 31 annexes, as circulated to the United Nations as document A/985/Res. 1, see United Nations, *Official Records of the General*



*Assembly, Fourth Session, Ad Hoc Political Committee, Annex to the Summary Record of Meetings*, pages 75–96. (Hereafter cited as GA (IV), *Ad Hoc Political Committee, Annex*). For the text of Austin's letter, see also Department of State *Bulletin*, October 10, 1949, pages 541–542, or Raymond Dennett and Robert K. Turner, editors, *Documents on American Foreign Relations*, Volume XI, *January 1–December 31, 1949* (Princeton University Press, 1951), pages 655–657.

Sir Alexander Cadogan, the United Kingdom Representative to the United Nations, sent a similar letter of September 19 to the Secretary General. For the text of Cadogan's letter and 21 annexed exchanges of notes and letters between the United Kingdom and Bulgaria, Hungary, Romania, and the Soviet Union, circulated to United Nations as document A/990/Rev. 1, see GA (IV), *Ad Hoc Political Committee, Annex*, pages 96–111.

At its 224th meeting, September 22, the General Assembly decided to refer the question of the observance of human rights and fundamental freedoms in Bulgaria, Hungary, and Romania to the *Ad Hoc* Political Committee for consideration and report. The question was considered by the *Ad Hoc* Political Committee during its 7th to 15th meetings, October 4–15. At the 7th meeting of the *Ad Hoc* Political Committee on October 4, Bolivia, Canada, and the United States introduced a draft resolution (U.N. Doc. A/AC.31/L.1/Rev. 1, *ibid.*, pages 111–112) requesting an advisory opinion on the question by the International Court of Justice. In introducing the resolution, Benjamin V. Cohen, the United States Alternate Representative to the General Assembly, reviewed in detail the violations of human rights and fundamental freedoms in Bulgaria, Hungary, and Romania, and outlined the efforts of the United States to utilize the procedures provided for by the treaties of peace in order to bring a halt to the violations. For the text of Cohen's address, see Department of State *Bulletin*, October 24, 1949, pages 617–624. During the 13th meeting of the Committee on October 11, Soviet Foreign Minister Andrey Yanuaryevich Vyshinsky, the Soviet Representative to the General Assembly, defended Bulgaria, Hungary, and Romania against the charges of violations of human rights and charged in turn that the accusations were part of an attempt by the Western powers to destroy the people's democracies in the Balkans. For an extensive summary of Vyshinsky's address, based upon the text appearing in the Soviet newspapers *Pravda* and *Izvestiya* on October 13, see *Current Digest of the Soviet Press*, volume I, Number 42, November 15, 1949, pages 19–23. In a statement made at the 14th meeting of the Committee, October 12, United States Representative Cohen replied to Vyshinsky's allegations and denied that the United States sought to impose any political group or institution on the people of Bulgaria, Hungary, and Romania in its advocacy of individual freedoms. For the text of Cohen's statement, see Depart-

ment of State *Bulletin*, October 31, 1949, pages 659-661. At the 15th meeting of the *Ad Hoc* Political Committee on October 13, the joint resolution earlier presented by Bolivia, Canada, and the United States, as amended by a joint Brazilian, Lebanese, Netherlands resolution (U.N. Doc. A/AC.31/L.3, GA (IV), *Ad Hoc Political Committee, Annex*, page 113) was adopted by 41 votes to 5, with 9 abstentions. For the official record of the discussions in the *Ad Hoc* Political Committee, see United Nations, *Official Records of the General Assembly, Fourth Session, Ad Hoc Political Committee, Summary Records of Meetings*, pages 25-67. The resolution adopted by the *Ad Hoc* Political Committee was discussed by the General Assembly at its 234th and 235th meetings, October 21 and 22. The General Assembly adopted the resolution on October 22 by a vote of 47 to 5, with 7 abstentions. For the text of the resolution, see *infra*. For the official record of the discussions in the General Assembly, see United Nations, *Official Records of the General Assembly, Fourth Session, Plenary Meetings*, pages 130-151.

For a brief general review of Department of State documentation covering the events and papers described here, see the final paragraph of the editorial note, page 245.

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*Resolution Adopted by the United Nations General Assembly*<sup>1</sup>

294 (IV)

OBSERVANCE IN BULGARIA, HUNGARY AND ROMANIA OF HUMAN RIGHTS  
AND FUNDAMENTAL FREEDOMS

*Whereas* the United Nations, pursuant to Article 55 of the Charter, shall promote universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language or religion,

*Whereas* the General Assembly, at the second part of its third regular session, considered the question of the observance in Bulgaria and Hungary of human rights and fundamental freedoms,

*Whereas* the General Assembly, on 30 April 1949, adopted resolution 272 (III)\* concerning this question in which it expressed its deep concern at the grave accusations made against the Governments of Bulgaria and Hungary regarding the suppression of human rights and fundamental freedoms in those countries; noted with satisfaction

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<sup>1</sup> Reprinted from United Nations, *Official Records of the General Assembly, Fourth Session, Resolutions*, pp. 16-17. Regarding the transactions in the United Nations General Assembly and its *Ad Hoc* Political Committee leading to the adoption of this resolution, see editorial note, *supra*.

\*See *Official Records of the third session of the General Assembly, Part II, Resolutions*, page 17. [Footnote in the source text. For the text of Resolution 272 (III), see p. 245.]



that steps had been taken by several States signatories to the Treaties of Peace with Bulgaria and Hungary regarding these accusations; expressed the hope that measures would be diligently applied, in accordance with the Treaties, in order to ensure respect for human rights and fundamental freedoms; and most urgently drew the attention of the Governments of Bulgaria and Hungary to their obligations under the Treaties of Peace, including the obligation to co-operate in the settlement of the question,

*Whereas* the General Assembly has resolved to consider also at the fourth regular session the question of the observance in Romania of human rights and fundamental freedoms,

*Whereas* certain of the Allied and Associated Powers signatories to the Treaties of Peace with Bulgaria, Hungary and Romania have charged the Governments of those countries with violations of the Treaties of Peace and have called upon those Governments to take remedial measures,

*Whereas* the Governments of Bulgaria, Hungary and Romania have rejected the charges of Treaty violations,

*Whereas* the Governments of the Allied and Associated Powers concerned have sought unsuccessfully to refer the question of Treaty violations to the Heads of Mission in Sofia, Budapest and Bucharest, in pursuance of certain provisions in the Treaties of Peace,

*Whereas* the Governments of these Allied and Associated Powers have called upon the Governments of Bulgaria, Hungary and Romania to join in appointing Commissions pursuant to the provisions of the respective Treaties of Peace for the settlement of disputes concerning the interpretation or execution of these Treaties,

*Whereas* the Governments of Bulgaria, Hungary and Romania have refused to appoint their representatives to the Treaty Commissions, maintaining that they were under no legal obligation to do so,

*Whereas* the Secretary-General of the United Nations is authorized by the Treaties of Peace, upon request by either party to a dispute, to appoint the third member of a Treaty Commission if the parties fail to agree upon the appointment of the third member,

*Whereas* it is important for the Secretary-General to be advised authoritatively concerning the scope of his authority under the Treaties of Peace,

#### *The General Assembly*

1. *Expresses* its continuing interest in and its increased concern at the grave accusations made against Bulgaria, Hungary and Romania;

2. *Records* its opinion that the refusal of the Governments of Bulgaria, Hungary and Romania to co-operate in its efforts to examine the grave charges with regard to the observance of human rights and fundamental freedoms justifies this concern of the General Assembly



about the state of affairs prevailing in Bulgaria, Hungary and Romania in this respect;

3. *Decides* to submit the following questions to the International Court of Justice for an advisory opinion:

"I. Do the diplomatic exchanges between Bulgaria, Hungary and Romania on the one hand and certain Allied and Associated Powers signatories to the Treaties of Peace on the other, concerning the implementation of article 2 of the Treaties with Bulgaria and Hungary and article 3 of the Treaty with Romania, disclose disputes subject to the provisions for the settlement of disputes contained in article 36 of the Treaty of Peace with Bulgaria, article 40 of the Treaty of Peace with Hungary, and article 38 of the Treaty of Peace with Romania?"

In the event of an affirmative reply to question I:

"II. Are the Governments of Bulgaria, Hungary and Romania obligated to carry out the provisions of the articles referred to in question I, including the provisions for the appointment of their representatives to the Treaty Commissions?"

In the event of an affirmative reply to question II and if within thirty days from the date when the Court delivers its opinion the Governments concerned have not notified the Secretary-General that they have appointed their representatives to the Treaty Commissions, and the Secretary-General has so advised the International Court of Justice:

"III. If one party fails to appoint a representative to a Treaty Commission under the Treaties of Peace with Bulgaria, Hungary and Romania where that party is obligated to appoint a representative to the Treaty Commission, is the Secretary-General of the United Nations authorized to appoint the third member of the Commission upon the request of the other party to a dispute according to the provisions of the respective Treaties?"

In the event of an affirmative reply to question III:

"IV. Would a Treaty Commission composed of a representative of one party and a third member appointed by the Secretary-General of the United Nations constitute a Commission, within the meaning of the relevant Treaty articles, competent to make a definitive and binding decision in settlement of a dispute?"

4. *Requests* the Secretary-General to make available to the International Court of Justice the relevant exchanges of diplomatic correspondence communicated to the Secretary-General for circulation to the Members of the United Nations and the records of the General Assembly proceedings on this question;

5. *Decides* to retain on the agenda of the fifth regular session of the General Assembly the question of the observance of human rights and

fundamental freedoms in Bulgaria, Hungary and Romania, with a view to ensuring that the charges are appropriately examined and dealt with.

235th plenary meeting

22 OCTOBER 1949.

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740.00119 EW (Peace)/10-2649 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*

SECRET

WASHINGTON, October 26, 1949—11 a. m.

3841. Dept believes desirable proceed immed to naming US members Balk treaty comms human rights case. Emb will recall US notes of Aug 1 to Bulg, Hung, Rum<sup>1</sup> called upon latter to join in naming Comms. Proposal now is to send additional notes informing Balk Govts of appt US members to serve on Comms, asking them to name their members and to consult with US with view to naming third members.

Dept believes failure of US and other complaining Allied states to name reps and specifically demand satellites name theirs might make it difficult for ICJ to give clearcut opinion that satellites have defaulted in their obligations. If ICJ does not give straight affirmative answer to question II of those submitted to it by GA res of Oct 22,<sup>2</sup> then entire further proceeding contemplated in that res, involving submission questions III and IV to Court, might be thrown into confusion. Allied states wld have to appoint their reps to comms in any case after ICJ answered questions I and II in affirmative. Accordingly deemed advisable do it now with purpose avoiding ambiguous ICJ opinion on question II.

Copies of notes to satellites naming reps shld be sent SYG for circulation among members and transmission to ICJ in accordance GA res. While default of satellites seems clear from diplomatic exchanges laid before GA in Docs A/985 and A/990,<sup>3</sup> proposed additional notes might be useful in making it airtight. Does FonOff agree?

Dept agreed with Brit FonOff last summer that for purposes convenience disputes between Allied states and each satellite shld be consolidated, and that 4 or 5 Allied states making charges under each Peace Treaty wld name same rep to present their case jointly. We proposed Allied states be represented by Dominion citizen in Hung, Amer in Rum, and Briton in Bulg. UK accepted this plan but apparently experienced some difficulty in obtaining agreement of three Do-

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<sup>1</sup> Regarding the notes under reference here, see editorial note, p. 264.

<sup>2</sup> Regarding the resolution under reference here, see editorial note, p. 266.

<sup>3</sup> Regarding the documents under reference here, see editorial note, *ibid*.

minions concerned on single Rep. (Deptel 1940, Jun 4,<sup>4</sup> Emb A-1152, June 20,<sup>5</sup> Deptel 2333, Jul 6<sup>6</sup> and Embtel 2782 Jul 15.<sup>7</sup>)

Suggest you ask FonOff whether they wish now proceed along same lines and will approach Dominions again with request to agree on single Dominion Rep.

If this approach again encounters difficulties or delays, Dept intends to go ahead and name US members in notes to three Govts. We shall probably name same man to all three comms; at later date he cld be replaced on two of them. Important thing at present is to have our nominations on record before ICJ considers case.

Sent London, rptd USUN, NY.<sup>8</sup>

ACHESON

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<sup>4</sup> *Ante*, p. 249.

<sup>5</sup> Not printed, but see footnote 1 to telegram 2333, July 6, to London, p. 254.

<sup>6</sup> *Ante*, p. 254.

<sup>7</sup> Not printed, but see footnote 4 to telegram 2333, July 6, to London, p. 255.

<sup>8</sup> Repeated to New York as telegram Gadel 74.

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740.0011 EW (Peace)/11-1749: Telegram

*The Minister in Hungary (Davis)*<sup>1</sup> to the Secretary of State

CONFIDENTIAL

BUDAPEST, November 17, 1949—noon.

1294. Legtel 1293, November 16.<sup>2</sup> To preserve principle dispute exists when one party so states, suggest I be authorized reply Soviet note pointing out Article 40 treaty provides for reference to three heads mission New York [any?] dispute concerning interpretation or execution treaty "which is not settled by direct diplomatic negotiations" (not which cannot be settled); stating I, therefore, believe three heads should meet to hear reasoning behind Soviet thesis which obviously unacceptable as mere undocumented ex-party statement. Moreover, it is one properly to be expounded at such meeting, and if found good by the three heads, then referred to interested parties for their views:

British Minister telegraphing his government similar sense adding recommendation he call meeting his office specific time.<sup>3</sup>

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<sup>1</sup> Nathaniel P. Davis presented his credentials and assumed charge as United States Minister in Hungary on October 21, 1949.

<sup>2</sup> Not printed. It reported that a note had just been received from the Soviet Embassy in Budapest acknowledging the American Legation note of October 4 (see telegram 605, October 1, to Budapest, p. 265 and footnote 4 thereto) and stating that the Soviet Government considered that Hungary and Yugoslavia had not exhausted the possibilities of solving their dispute by way of direct negotiations. The Soviet Government therefore could see no grounds for applying the procedure provided for in article 40 of the treaty of peace with Hungary (740.0011 EW (Peace)/11-1649).

<sup>3</sup> Telegram 4640, November 21, from London, not printed, reported that the British Foreign Office concurred in the action proposed in the message printed here (740.0011 EW (Peace)/11-2149).



Am informing Yugoslav Minister gist Soviet note adding only matter referred department for instruction.<sup>4</sup>

Sent Department 1294; repeated London 45; Belgrade 72.

DAVIS

<sup>4</sup> Telegram 677, November 18, to Budapest, not printed, stated that the Department of State approved the action proposed here, subject to British concurrence (740.0011 EW (Peace)/11-1749).

740.0011 EW (Peace)/11-2849: Telegram

*The Minister in Hungary (Davis) to the Secretary of State*

CONFIDENTIAL

BUDAPEST, November 28, 1949—8 p. m.

1318. I attended today 11 a. m. meeting at British Legation three heads mission formally invited by British Minister on twenty-third. Soviet Chargé Smirnov failed appear, so far neglected acknowledge invitation. (Legtel 1294 seventeenth<sup>1</sup>).

On premise that objective should be enable Yugoslav Government carry through article 40 procedure, I recommend following steps: (1) notify Soviet Chargé that since he failed attend meeting it obvious three heads have failed resolve dispute within two months' treaty period (Yugoslav first notified US dispute exists in note September 27); (2) advise Yugoslav Minister accordingly, briefing exchanges which have taken place among three heads; (3) advise Hungarian Government that three heads have failed resolve dispute and that Yugoslav Minister so notified.

First step probably best accomplished by British Minister (who is senior to me and Soviet Chargé (advising me in writing and then by formal notification to both British Minister and Soviet representative of my concurrence with former; second step similarly by my notifying Yugoslav Minister of my concurrence with British Minister; and last step by independent note to hand Foreign Office. British Minister concurs and is cabling his Foreign Office in similar sense. Please instruct.

Sent Department 1318; repeated London 47, Belgrade 74; Department pass Moscow 38.

DAVIS

<sup>1</sup> In a note of November 23 to Soviet Chargé Smirnov, not printed, Minister Davis made the points outlined in telegram 1294, November 17, from Budapest (*supra*). On the same day, British Minister Wallinger addressed notes to Davis and Smirnov suggesting a meeting at the British Legation of the three chiefs of mission in Budapest to consider the Yugoslav-Hungarian dispute. Copies of the notes were transmitted to the Department of State as enclosures to despatch 1009, November 18, from Budapest, none printed (740.0011 EW (Peace)/12-449).

740.0011 EW (Peace)/11-2849 : Telegram

*The Acting Secretary of State to the Legation in Hungary*

CONFIDENTIAL

WASHINGTON, November 29, 1949—6 p. m.

691. Concur substance action proposed ur 1318 Nov 28<sup>1</sup> (rptd London 47 Belgrade 74 Moscow 38) but consider simplification procedure desirable. Accordingly, if Brit FonOff concurs, suggest alternatively that you and Brit Min prepare parallel notes informing Yugo Min along lines pts 1 and 2 urtel 1318 and transmit copies to Hung FonOff and Sov Emb for their info.<sup>2</sup> US and UK will thereby have shown willingness act as provided in Art 40, and any further initiative wld be up to Yugo.<sup>3</sup>

Dept further suggests that, in order avoid question whether 2 months' Treaty period begins with Yugo notification of Sept 27<sup>4</sup> or US-UK request to Sov Min of Oct 4,<sup>5</sup> above-mentioned notes and copies not be communicated until Dec 4.

Sent Budapest rptd London, Belgrade, Moscow.

WEBB

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<sup>1</sup> *Supra*.

<sup>2</sup> Acting on the instructions set forth here, Minister Davis on December 5 addressed notes to Yugoslav Minister Jovanović, Hungarian Foreign Minister Kállai, and Soviet Chargé Smirnov. Copies of these notes were transmitted to the Department of State as enclosures to despatch 1038, December 7, from Budapest, none printed (740.0011 EW (Peace)/12-749).

<sup>3</sup> In a note of December 20 to Minister Davis, Yugoslav Minister Jovanović stated that the Yugoslav Government considered that the three allied heads of missions had failed to settle the Yugoslav-Hungarian reparations dispute, and Yugoslavia was therefore obliged to take new steps under the treaty of peace with Hungary. A copy of the note was transmitted to the Department of State as an enclosure to despatch 1124, December 25, from Budapest, neither printed (740.0011 EW (Peace)/12-2549).

<sup>4</sup> See telegram 1151, September 27, from Budapest, p. 264.

<sup>5</sup> See telegram 605, October 1, to Budapest, p. 265 and footnote 4 thereto.

740.0011 EW (Peace)/12-1549 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*

CONFIDENTIAL

WASHINGTON, December 15, 1949—7 p. m.

4486. Advise FonOff Dept ready designate Prof Edwin Dickinson, Dean Penna Law School and noted intl law scholar, as US rep satellite comms (urtel 4865, Dec 7<sup>1</sup>). Dept indicated to Dean Dickinson that while he will be appointed initially to all 3 comms he wld serve only on one in case of consolidation of disputes (Deptel 3841, para 4, Oct 25 [26]<sup>2</sup>).

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<sup>1</sup> Not printed; it reported that the Embassy was informed that the British Foreign Office was prepared to designate Elwyn Jonas, Member of Parliament, as the United Kingdom representative to the Balkan treaty implementation commissions (740.0011 EW (Peace)/12-749).

<sup>2</sup> *Ante*, p. 271.

Dept believes best method making designation notes to three satellites with copies to SYG of UN. We envisage brief notes announcing appt our rep to all 3 comms, requesting name of their reps and proposing consultation re naming third members.

Since Brit now also prepared proceed appt their rep Dept believes it wld strengthen our case if action again coordinated with Dominions as in previous steps. Canad Emb Wash informed us Canad Govt also decided proceed with appt their rep. Austral Emb on other hand advises Austral Govt considers appts shld be deferred pending opinion of ICJ.

Dept suggested to Brit Emb Wash meeting of Austral, New Zealand, Canad, UK and US officials in Wash or London to discuss matter with view reaching early decision as to appt of reps. Brit Emb informed FonOff of our suggestion. Dept prefers Wash as site of meeting. Dominion Embs Wash are familiar with problem. In case FonOff proposes meeting in London, Dept will send further instructions for your guidance.<sup>3</sup>

Question of consolidation of disputes wld arise only in unlikely event that satellites shld indicate willingness appt their reps or if ICJ shld answer affirmatively questions 3 and 4 of GA res requesting advisory opinion. To effect consolidation presumably only one Dominion rep wld be required and others if designated wld have to be withdrawn.<sup>4</sup>

ACHESON

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<sup>3</sup> Telegram 5089, December 22, from London, not printed, reported that the Foreign Office position on the proposals set forth here was that New Zealand and Australia would not be persuaded to participate in the joint action, that the best procedure would be for the United States, Britain, and Canada to go ahead themselves; January 5 was suggested as the date for the presentation of designation notes (740.0011 EW (Peace)/12-2249).

<sup>4</sup> This telegram was repeated to Canberra with the following additions:

"Above Deptel rptd to you in answer urtel 266, Nov 30. Brit FonOff now ready designate Elwyn Jonas MP as Brit rep to comms.

"For urinfo re above ref to 'consolidation of disputes' last summer Dept agreed with Brit FonOff that for purposes convenience disputes between Allied states and each satellite shld be consolidated, and that 4 or 5 Allied states making charges under each Peace Treaty wld name same rep to present their case jointly. We proposed Allied states be represented by Dominion citizens in Hung, Amer in Rum, and Briton in Bulg. UK accepted this plan but we are unaware whether Brit discussed it with Dominions."

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740.0011 EW (Peace)/12-2249 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*

SECRET

WASHINGTON, December 31, 1949—1 p. m.

4663. At meeting US, UK, Canada, Australia, New Zealand Reps Washn<sup>1</sup> general agreement reached on Brit proposal Jan 5 as date

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<sup>1</sup> John C. Campbell's memorandum of conversation covering the meeting under reference here, held on December 28, is included in file 740.0011 EW (Peace)/12-2849.



for delivery notes to Bulg, Hung, Rum designating Treaty Commissioners (Embtel 5089, Dec 22<sup>2</sup>). Australia however has decided not to name Commissioner at this stage preferring to await ICJ's decisions on Questions I and II submitted by GA. New Zealand Rep said his Govt probably wld refrain also but decision was not firm. Canada is proposing that Brit Mins in Hung and Rum deliver separate notes on behalf Canada designating Justice J. L. Ilsley as Canadian Commissioner.

Inform FonOff text proposed Brit notes shown to Dept by Brit Emb here has our general concurrence. US Reps Hung, Bulg, Rum will present parallel notes designating Dickinson Jan 5. US notes probably will refer to previous notes of Aug 1 and Sep 19.<sup>3</sup>

Tentatively agreed subj concurrence London and Ottawa to deliver copies of notes to SYG through three UN Missions in New York at 11 AM Jan 6, with request to pass copies to members and ICJ. Text notes wld be released to press simultaneously in London, Washn, Ottawa at 11:15 am, Washn time.<sup>4</sup>

Sent London, rptd Canberra, and USUN, New York.<sup>5</sup>

ACHESON

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<sup>2</sup> Not printed, but see footnote 3 to telegram 4486, December 15, to London, p. 275.

<sup>3</sup> Regarding the notes under reference here, see editorial notes, pp. 260 and 264.

<sup>4</sup> For the text of the note delivered by the Legation in Bucharest to the Romanian Government on January 5, 1950, see Department of State *Bulletin*, January 16, 1950, p. 97. The notes to the Bulgarian and Hungarian Governments were substantially the same. See also the statement issued to the press by the Department of State on January 6, 1950 regarding the naming of Edwin D. Dickinson as Treaty Commissioner and the forwarding to the United Nations Secretary General of recent exchanges of notes with the Balkan Governments regarding the dispute over charges of violations of human rights clauses of the peace treaties, *ibid.*, p. 97.

<sup>5</sup> Repeated to Canberra as telegram 181 and to the United States Mission to United Nations at New York as 664.

## THE ATTITUDE OF THE UNITED STATES TOWARD EASTERN EUROPEAN EXILE GROUPS AND LEADERS <sup>1</sup>

860F.00/1-2749 : Telegram

*The Secretary of State to the Embassy in the United Kingdom* <sup>2</sup>

TOP SECRET

WASHINGTON, January 27, 1949—noon.

296. For Keith.<sup>3</sup> Efforts of Czechs to form Council of Free Czechos. have been blocked since last summer by lack agreement among refugees in US, UK and Fr. Zenkl <sup>4</sup> and Lettrich <sup>5</sup> chosen in Oct meeting here as Chairman and Vice-Chairman Preparatory Committee for Council. In order expedite resolution difficulties re form and structure Council Zenkl as chairman Committee sent Paris and London invitations to representatives (Chairman and Secretary-General in so far as possible) of each five parties existing prior to coup, attend organizational conference in Wash no later than Dec 15. Dept agreed endeavor to obtain visas and (Zenkl arranged) to obtain funds for transportation and expenses of delegates during meeting here. Paris and London groups debated this step and came forward with several counter-proposals so that meeting was twice postponed.

In order to take into acct views of conference refugees Paris Jan 9-10 and increase possibility of agreement, Zenkl has decided to add four to original 10 of which two would represent peasant group and two non-political elements (Peroutka <sup>6</sup> and Gen Ingr <sup>7</sup>). Hope agreement on choice two peasant representatives may be reached at once so arrangements for 14 can be completed. Zenkl is communicating this proposal to Vaclav Majer <sup>8</sup> and Ripka,<sup>9</sup> asking for names of peasant

<sup>1</sup> For previous documentation on this subject, see *Foreign Relations*, 1948, vol. IV, pp. 396 ff.

<sup>2</sup> Telegram 235, January 26, to Paris, not printed, was virtually identical (860F.00/1-2649).

<sup>3</sup> Gerald Keith, Counsellor of the Embassy in the United Kingdom.

<sup>4</sup> Peter Zenkl, Czechoslovak Deputy Prime Minister, June 1946-February 1948; Chairman of the Czechoslovak National Socialist Party; in exile in the United States.

<sup>5</sup> Dr. Jozef Lettrich, President of the Slovak National Council, 1945-1948; President of the Slovak Democratic Party; in exile in the United States.

<sup>6</sup> Ferdinand Peroutka, editor of the Praha newspaper *Svobodné Noviny*, 1945-1947.

<sup>7</sup> Gen. Sergěj Ingr, Minister of Defense in the wartime Czechoslovak Government in Exile in London; Czechoslovak Minister to the Netherlands, 1945-1948; in exile again from March 1948.

<sup>8</sup> Václav Majer, Czechoslovak Minister for Food, 1945-1948; leader of the Czechoslovak Social Democratic Party; in exile in London.

<sup>9</sup> Hubert Ripka, Czechoslovak Minister for Foreign Trade, April 1945-February 1947; leader in the Czechoslovak National Socialist Party; in exile in Paris.

reps soonest since he is unable resolve here disagreement as to who should represent them.

Pls advise Majer <sup>10</sup> confidentially that through Zenkl's intercession we have agreed endeavor to arrange visas for additional reps as indicated above. Emphasize strongly that while Dept unwilling interfere refugee leaders must subordinate their differences and arrive at prompt agreement if we are to maintain our interest their efforts.<sup>11</sup>

ACHESON

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<sup>10</sup> The Embassy in Paris was to advise Ripka in the terms set forth here.

<sup>11</sup> On February 20, 1949, Czech and Slovak exile leaders meeting in Washington announced the establishment of the Council of Free Czechoslovakia. On February 23 Peter Zenkl and Jozef Lettrich, President and Vice President, respectively, of the Council, addressed a letter to the Secretary of State explaining that the purpose of the Council was to unite Czechoslovak forces in exile in the struggle against Communism and Fascism and to organize and support activities for the aid of Czechoslovak refugees (S60F.01/2-2349). Several days later John D. Hickerson, Director of the Office of European Affairs, acknowledged the Zenkl-Lettrich letter and expressed thanks for the information it contained.

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701.60P11/2-2549

*Memorandum by the Director of the Office of European Affairs  
(Hickerson) to the Secretary of State*<sup>1</sup>

[WASHINGTON,] February 25, 1949.

Subject: Acceptance of Latvian Chargé d'Affaires

*Discussion:*

The Latvian Minister, Dr. Alfred Bilmanis, who had represented the independent Latvian Government in Washington for approximately 13 years, died on July 28, 1948.

This Government has refused to recognize the incorporation of the Baltic States (Estonia, Latvia, and Lithuania) into the Soviet Union and has continued to accord recognition to the duly-accredited representatives of the former independent Baltic Governments, although such Governments do not exist at the present time. The Latvian Government, just prior to the invasion of Latvia by the U.S.S.R. in 1940, issued extraordinary powers to its Minister in London, Mr. Charles Zarine, by which he was delegated to carry out certain political and administrative functions normally executed by the Chief of State and the Cabinet of Ministers. The Department has interpreted these powers as giving to Mr. Zarine the authority to appoint a successor to Dr. Bilmanis. The Department has informed Minister Zarine that it has no objections in principle to the appointment by him of a

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<sup>1</sup> This memorandum was concurred in by the Office of Protocol and the Legal Adviser's Office. The source text bears the handwritten endorsement: "OK D[ean] R[usk] [Assistant Secretary of State for International Affairs]".



successor to Dr. Bilmanis but that the official rank of such an appointee should be limited to that of Chargé d'Affaires.

Mr. Zarine agreed to this interpretation and, under date of November 2, 1948, submitted the name of Mr. Julijs Feldmans, a senior Latvian career diplomat as his choice for the post.

The Department's consideration of this appointment has been complicated and delayed by objections raised thereto by Mr. Anatol Dinbergs who, since Dr. Bilmanis' death, has served as Chargé d'Affaires ad interim at the Latvian Legation. Mr. Dinbergs has presented himself as the logical successor to Dr. Bilmanis and has questioned Minister Zarine's authority to appoint a successor. Although the Department recognizes Mr. Zarine's authority in this respect, we have suggested informally to Minister Zarine and to Mr. Dinbergs that this difference of opinion on what is regarded primarily as an internal Latvian matter, be resolved between them. However, since there appears to be little possibility of agreement between Minister Zarine and Mr. Dinbergs, it is felt that the Department should now take action on Mr. Zarine's proposal of November 2, 1948.<sup>2</sup>

*Recommendation:*

Since the Department recognizes Minister Zarine's authority to appoint a successor to Dr. Bilmanis, such successor to have the rank of Chargé d'Affaires, and since no useful purpose appears to be served by further delaying action, it is recommended that the Department accept Minister Zarine's appointee, Mr. Julijs Feldmans.<sup>3</sup>

J[OHN] D. H[ICKERSON]

<sup>2</sup> For previous documentation on the question of acceptance of a successor to the late Latvian Minister Bilmanis, see *Foreign Relations*, 1948, vol. iv, pp. 396 ff.

<sup>3</sup> Acting on instructions contained in telegram 911, March 17, to London, not printed, the Embassy in London on March 21 informed the Latvian Minister in London that the appointment of Feldmans as Chargé at Washington was acceptable to the United States Government. Feldmans arrived in the United States on May 10 and was received by the Secretary of State on June 28 (see Woodward's memorandum of conversation, June 28, p. 293).

874.00/3-2449

*Memorandum of Conversation, by Mr. Roy M. Melbourne, Division of Southern European Affairs*

TOP SECRET

[WASHINGTON,] March 24, 1949.

Dr. Dimitrov<sup>1</sup> called by appointment to review the situation of the Bulgarian National Committee and to recount his activities in the

<sup>1</sup> Dr. George M. Dimitrov, President of the Bulgarian National Committee and Secretary General of the International Peasant Union. Dr. Dimitrov, in exile from 1945, formerly was head of the Bulgarian Agrarian Union. (Dr. Dimitrov is identified as George M. Dimitrov in these pages in order to distinguish him from Georgi Mihailov Dimitrov, Bulgarian Prime Minister and Secretary General of the Bulgarian Communist Party.)

sessions at Brussels for a United Europe,<sup>2</sup> which he attended in his capacity as head of the Bulgarian section for the movement and as a general representative of the International Peasant Union. He asserted that a happy compromise had been evolved in the course of the Brussels conference which permitted representatives of the peasant movements in Southeast Europe to participate in the proceedings with the same status as parliamentary groups in Western Europe. However, the right to vote, which would be given to them technically, would not be exercised by these peasant representatives until they had formal and free governments in their countries in a position to give practical weight to the measures proposed by the United Europe Organization.

As for the activities of the Bulgarian National Committee in Europe, Dr. Dimitrov asserted that they were continuing in the same limited scope as outlined in previous memoranda,<sup>3</sup> and that the chief deterrent to increased activity was the lack of funds and material assistance, for which he was hoping the US could supply the remedy in the near future.

While no answer could be given to him, Dr. Dimitrov was asked on a purely hypothetical basis to elaborate his plan of operations, extending beyond the intelligence activities he so fully described in a previous conversation (see memo of conversation January 5, 1949). He responded by affirming that the first step was to establish frequent and regular communication between his organization outside and the potential Bulgarian resistance forces within. This indispensable first step would entail the training of about fifty men for courier and organization service. He asserted that the French authorities had agreed to permit the training of this number in France and that a likely chateau was in prospect as a base for this activity, which would have to be conducted in secrecy. While a few Bulgarian emigrés were receiving informal training on their own in France with this objective in view and under purely Bulgarian emigré sponsorship, Dr. Dimitrov, when the money was available, wished to bring emigrés from areas such as Italy, Greece, and Germany for a formal training course of several months. The training completed, these men, if small bases could be secured in Turkey and Greece, would be able to arrange regular two way communication channels with Bulgaria.

Because of the ignorance of the opposition forces in Bulgaria of the true international situation and of the world factors involved in organizing resistance to Communism, due to the complete blackout of reliable information from abroad, Dr. Dimitrov stated that the Bulgarian opposition looked to him and to the National Committee

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<sup>2</sup>The reference here is to the European Movement which met in Brussels, February 25-28.

<sup>3</sup>The reference here is presumably to Melbourne's memorandum of January 5 conversation with Dr. Dimitrov, not printed (874.00/1-549).



to give the signal as to the extent and the timing of any activity, since they trusted their judgment. He emphasized this feeling of responsibility he had in not engaging in any positive actions involving Bulgarians within the country until he had the prospect of the small and modest support outlined above as his minimum first step.

Following the establishment of regular and reliable communications on a businesslike basis through the employment of Bulgarians in behalf of their own national freedom activity, Dr. Dimitrov foresaw the second step arising in the restoration of "political discipline" among the quiescent and disorganized opposition forces in the country, which would be built around the peasants as the great political reality of the present and the future. He foresaw the need for organizing three distinct segments of the population, which would only touch in their activities most indirectly and on the basis of a stringent compartmentation of these groups into cells which, if uncovered by the Communist regime, would not disrupt the general activities of the political underground. The three population segments described by Dr. Dimitrov were (1) sympathizers who were able to operate legally because of their covers as ostensible full supporters of the present Communist regime; (2) the mass of discontented people who, since they represented the overwhelming majority of the country, were tolerated by the Government so long as they obeyed orders; and (3) the so-called illegal element presently in hiding because of their strong opposition to the regime, some of whom are engaged in limited partisan activity in the hills.

With the strengthening of political discipline and the continued organization of the opposition, Dr. Dimitrov expressed the hope that realistic factors would induce a slowly mounting volume of material aid to be made available to his Committee for its activities, which might include small arms, portable and powerful radio sets, and other materiel, extending eventually to plane drops of supplies.

When queried if, in his hypothetical planning to overthrow the present regime, he had fully taken into account the methods of the Communist police state which might prevent the unfolding of such an organized political underground, Dr. Dimitrov replied that he had. He had been engaged in such clandestine operations against autocratic Bulgarian governments for more than ten years and considered his supporters were just as alert as any Communist organized Bulgarian police, which within a reasonable time could be riddled with his own people. Dr. Dimitrov asserted that his movement could continue until it had a skeletal governmental organization underground and waiting to assume power.

On the question of how and when in his thinking he envisaged the overthrow of the present regime, Dr. Dimitrov replied that such an action would take place when a phase in the international situation



had been reached that would make it doubtful whether the Red Army would actively intervene to save the present Communist Government through fear of precipitating a grave crisis with the US and its allies, thus making feasible external support of a nature justified by the circumstances to the Bulgarian democratic movement.

In a descent from theorizing upon the future, Dr. Dimitrov stated that the struggle of his democratic underground with the Communists was of such a life and death nature and the dangers to persons engaged were so great that the Bulgarian National Committee and its adherents within Bulgaria could not afford to have persons operating in Bulgaria using his and the Committee's name unless they were fully accredited. Before any newcomer would be trusted, he asserted, the opposition within the country would first contact him and the Committee, since in his belief no sincere clandestine activity will be undertaken by those within Bulgaria unless he and the National Committee give the signal. Because of this, he is concerned over the consequences if agencies of foreign states seek to utilize Bulgarians clandestinely within the country unbeknownst to the Committee for purely intelligence matters, which he considers necessary but as a complement to the Committee's great objective.

[ROY M. MELBOURNE]

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860C.00/3-2349

*Memorandum of Conversation, by the Deputy Director, Office of European Affairs (Thompson)*

CONFIDENTIAL

[WASHINGTON,] March 30, 1949.

Participants: Mr. Jan Wszelaki, Agent in Washington of the London Polish Government  
EUR—Mr. Thompson  
S/P—Mr. Joyce <sup>1</sup>  
EE—Mr. Salter <sup>2</sup>

Reference is made to the memorandum dated March 23, 1949,<sup>3</sup> reporting a conversation Mr. Wszelaki had with Mr. Salter on the subject of the Polish political emigrés. During that conversation, it will be recalled, Mr. Wszelaki asked Mr. Salter whether an appointment could be arranged for him with Mr. Joyce and me. Arrangements were made for a meeting with Mr. Wszelaki at the Department this afternoon.

Mr. Wszelaki opened the conversation by stating that he was plan-

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<sup>1</sup> Robert P. Joyce, member of the Policy Planning Staff, Department of State.

<sup>2</sup> Fred K. Salter, Assistant Chief, Division of Eastern European Affairs.

<sup>3</sup> Not printed. During the conversation Wszelaki reviewed recent efforts to unify Polish exile factions (860C.00/3-2349).

ning to visit London soon for talks with President Zaleski and other Poles in Great Britain about recent political developments among the Polish emigrés, and he wanted to know what information or views the Department had about these developments which he might use in his London conversations. Wszelaki summarized the recent activity among the exiled Polish political leaders in much the same way he had done in his earlier conversation with Mr. Salter (reported in a fore-mentioned Memorandum of March 23).

In reply, I commented along the following lines :

Our ultimate objective, with which it was felt all elements of the Polish political emigration was in agreement, was the liberation of Poland and the restoration of her independence. No one knew how long this would take. It might come next year or it might require five to ten years, or even longer. In the meantime, however, it was our aim to enable the Polish people, by whatever means possible, to retain their present hope of eventual deliverance from foreign domination. If, perchance, the liberation of Poland could not be achieved for some years to come, it was very important for the maintenance of this hope and Polish morale generally that we continue to demonstrate to the Polish people our abiding interest in, and sympathy for, them. It would be undesirable for a feeling of despair and apathy to develop among the population. The American Government, therefore, was in favor of action and policies designed to aid the achievement of this very broad objective.

We are aware of the existing differences and disunity among the exiled Polish political leaders. In our view, this was unfortunate and unhelpful and, consequently, we looked with favor upon the reported efforts of the Polish leaders to get together, not however as a Government-in-exile but rather as a Committee, Council or organization of some kind, which would be as broadly based and all-inclusive as possible. Such a unification of the Polish emigrés would, it was felt, have a beneficial effect inside Poland and would be consistent with current plans and policies of the United States.

It had to be emphasized, in connection with these Polish unification efforts, that the United States could not recognize any Polish Government-in-exile or any organization or group aspiring to become an exile Government. The United States had recognized the Warsaw Government and this imposed certain duties and responsibilities, which obviously excluded formal and official relations with any other Polish political group. The devotion of a large part of the Polish emigrés to the principle of the "legal continuity" of the London regime was appreciated but our position respecting a Polish Government-in-exile represented a settled policy which we were certain Mr. Wszelaki understood.

The unofficial American Committee now being organized for the purpose of working with exiled political groups in the United States<sup>4</sup> would undoubtedly welcome an association with representatives of a united Polish body. It was realized, of course, that account would have

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<sup>4</sup>The reference here is to the National Committee for a Free Europe whose formation was announced on June 1; see the circular airgram of June 21, p. 289.

to be taken of the fact that at the present time the majority of the Polish emigrés are in Europe. How the association of the unified Polish organization (when formed) with the American Committee would be worked out was an important detail that could be settled between the American Committee and the Polish group.

Mr. Joyce stated he thought it was a good plan for Mr. Wszelaki to go to London for talks with Polish leaders there but inquired whether it might not be preferable to postpone the trip until early May, by which time news of the formation of the American Committee would be public information. Wszelaki said he felt it would be better to proceed as he had originally planned (about Easter time).

In conclusion, Wszelaki said he was grateful for the opportunity to exchange views with the Department's officers. He could not say what, if any, kind of unified organization of Polish emigrés would result from the meetings now scheduled to be held in London in May, but he thought the chances of success were fairly good. Nothing, in his opinion, should be done about arranging Polish affiliation with the American Committee between now and the time the results of the London talks are known.<sup>5</sup>

LLEWELLYN E. THOMPSON

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<sup>5</sup> In a memorandum of May 3, not printed, Salter reviewed Deputy Director Thompson's recent conversations with Polish exile political leaders: on March 16 with Dr. Tadeusz Bielecki, Chairman of the Polish National Democratic Party; on March 30 with Wszelaki; on May 2 with Stanisław Mikołajczyk, leader of the Polish Peasant Party; on May 3 with Bielecki again. In his other conversations, Thompson outlined the position of the Department of State with respect to Polish emigré unity along the same lines followed here (860C.00/5-349). Thompson also summarized this position for Lord Jellicoe, Second Secretary of the British Embassy in the United States, during a conversation on May 5. Jellicoe observed that the British Government very strongly opposed the recognition of any kind of Polish government-in-exile and sought to discourage political activity on the part of exiled leaders (860C.00/5-549).

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871.00/5-1849

*Memorandum of Conversation, by the Assistant Chief of the Division of Southern European Affairs (Campbell)*

CONFIDENTIAL

[WASHINGTON,] May 18, 1949.

Participants: General Nicolae Radescu, former Prime Minister of Rumania;

Mr. Barbu Niculescu, personal secretary of General Radescu;

Mr. John C. Campbell, SE;

Mr. Horace J. Nickels, SE.

During a short courtesy call on May 13, 1949, General Radescu



touched upon Rumanian exile affairs in general and referred in particular to the recently organized Rumanian National Committee.<sup>1</sup>

The General said that the Committee was greatly handicapped by lack of funds and that during its initial meeting the question had been raised of employing for the Committee's purposes the funds available to the Cretzianu-Visoianu-Buzesti<sup>2</sup> group. However, although he believed that this group had substantial resources, they had been unwilling to make available a single sou to the Committee. (Radescu evidently had reference to the Rumanian Government funds which in 1945 Visoianu placed at the disposal of Cretzianu in an account in Switzerland and which at that time amounted to six million Swiss francs.)

Radescu expressed the view that it would be a good thing if the Rumanian private assets blocked in the US could be used for the activities of this Committee, which would make repayment after Rumania's liberation. We did not encourage the General to expect that any such scheme would be possible.

The General apparently favored centering the direction of Rumanian exile affairs in the new National Committee and indicated that he would be prepared to dissolve the Democratic Union of Free Romanians which had been organized previously under this leadership if the so-called "parties group" were similarly prepared to dissolve its Council of Rumanian Political Parties.

According to Radescu, however, the Buzesti faction had not shown any disposition to dissolve the separate parties organization and consequently, pending further developments, the General intended to maintain in being his Union.

General Radescu called attention to the plight of Rumanian intellectuals. He said that the Communists are destroying the intellectuals within Rumania and that those who are outside are particularly important to the future of the nation. He hoped, therefore, that measures could be taken to save these people from poverty and to preserve their capacities intact. Although we did not discuss the matter with Radescu, it would seem that any American responsibilities in this regard might be met more appropriately by the work of private American organizations than directly by the Department.

[JOHN C. CAMPBELL]

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<sup>1</sup> Niculescu telephoned Nickels from New York on April 6 to inform the Department of State that agreement had just been reached among Romanian exile leaders on the formation of a Romanian National Committee under the presidency of General Rădescu (memorandum of telephone conversation, by Nickels, April 6, 1949: 871.00/4-649). Airgram A-841, May 16, from Paris, not printed, reported on the formal announcement of the formation of the Romanian National Committee during a function in Paris on May 10 (871.00/5-1649).

<sup>2</sup> Alexander Cretzianu, former Romanian Minister to Turkey; Constantin Visoianu, former Romanian Foreign Minister; Grigore Niculescu-Buzesti, former Romanian Foreign Minister.

840.00/6-249

*Memorandum of Conversation, by the Deputy Director of the Office  
of European Affairs (Thompson)*

CONFIDENTIAL

[WASHINGTON,] June 2, 1949.

In the course of a conversation today with the Polish Ambassador,<sup>1</sup> he referred to an announcement of the formation of the National Committee for Free Europe, Inc.<sup>2</sup> He said that no exception could be taken to some of the particulars set forth in the announcement, but he quoted several sentences which he said he felt would be interpreted in Warsaw as implying plans for underground, intelligence, or subversive activities. He said he was distressed at the effect that this might have in Warsaw and in Moscow, indicating that this might lead to further repressive measures.

I said I had little information about the Committee other than the announcement which appeared in the papers today. I stressed it was entirely a private committee and that we did not know what their plans were. I pointed out however that there appeared to be two indications that the committee would not develop along the lines he had indicated, the first being the calibre of the people on the committee and the second being the fact that it was an open and above-board organization. I pointed out that it did not seem conceivable that operations such as he described could be carried on by such an organization.

LLEWELLYN E. THOMPSON

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<sup>1</sup> Jozef Winiewicz.

<sup>2</sup> Regarding the establishment of the National Committee for Free Europe, see the circular airgram of June 21, p. 289.

860C.00/6-949

*Memorandum of Conversation, by the Assistant Chief, Division of  
Eastern European Affairs (Salter)*

CONFIDENTIAL

[WASHINGTON,] June 9, 1949.

I asked Mr. Wszelaki<sup>1</sup> to lunch with me today as I wished to hear about his recent visit to London, which he undertook for the purpose of renewing contact with his "principals" there and of discussing with them the possibility of Polish affiliation with the newly-formed (in New York) National Committee for Free Europe, Inc.<sup>2</sup> It took Wsze-

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<sup>1</sup> Jan Wszelaki, unofficial representative in Washington of the Polish Government-in-Exile in London.

<sup>2</sup> Regarding the establishment of the National Committee for Free Europe, see the circular airgram, *infra*.



laki more than two hours to fill me in on his trip. The principal points he made may be summarized as follows:

1. Wszelaki went to London to see his principals, the officials of the Polish Government in exile, and to tell them what he had been able to learn over here about the private American Committee to aid European exiles. He felt, if possible, he should convince the London Poles that association with the American organization could best be carried out by the formation of a representative committee of Poles who would maintain contact with the Americans in the United States. In other words, he wanted to stress his belief that the seat of the Polish Committee should be in the United States rather than in England or elsewhere. He felt that he had been quite successful in his mission.

2. He said he discovered an element of doubt in the minds of Polish and other exiled Eastern European leaders with whom he talked about United States policy toward the Eastern European area. Many leaders expressed the feeling that the United States did not have a deep and abiding interest in that part of the world. There was a common fear that the United States is really indifferent to the fate of Eastern Europe. Wszelaki did his best to answer these arguments but admitted (to me) that this feeling or fear of American indifference was genuine among many exiled political leaders.

3. He got the agreement of his principals to the formation of a committee of Poles (with headquarters in the United States) to work with the American Committee for Free Europe, subject to certain important conditions respecting the composition of the Polish Committee.<sup>3</sup> His principals felt that such a committee should be composed of the following elements:

(a) A representative of the Council of Polish Immigrants and Refugees in Paris

(b) A representative of the Polish war veterans who, if possible, enjoys the confidence of General Anders<sup>4</sup>

(c) A representative of Polish "culture and education"

(d) Jan Ciechanowski, former Polish Ambassador to United States must be a member

(e) Wszelaki should also be a member (although I gather this is not a must)

(f) A representative from each of the main political parties

(g) Under no circumstances would the London Government Poles agree to join a committee whose membership included Mikolajczyk personally as the representative of the Polish Peasant Party. If the Peasant Party was a member of the Committee it would have to be represented by someone other than Mikolajczyk.

Wszelaki said he received a "free hand" from his principals to negotiate in the United States in accordance with the stipulations itemized above.

<sup>3</sup> It was announced on June 6 in London that a meeting of Polish émigrés had agreed upon the formation of a Polish National Council under the chairmanship of Titus Filipowicz, former Polish Ambassador in the United States. No representative of Mikolajczyk's Polish Peasant Party had been included in the Council.

<sup>4</sup> Władysław Anders, Commander of the Polish II Corps in Italy, 1943-1945; Commander of Polish Armed Forces (in exile), 1945.



4. Wszelaki then referred to the formation in this country of National Committees by the Hungarians, the Czechs, and the Rumanians. A study of these national committees, he observed, showed that there had been some central "unifying idea" around which they had been created. For example, in the case of the Hungarians, the unifying idea had been that of the Republic, as opposed to a monarchy or regency. There was no representation in the Hungarian Committee for those who favored a monarchy or a return to the regency. With the Rumanians, almost the reverse situation had supplied the unifying idea, namely, the Monarchy. In the case of the Czechs, the unifying idea around which their national committee had been created was the "unity of the nation" as opposed to its division into two parts (Czechs and Slovaks). The question of monarchy or republic was not a factor with this group.

The London Poles considered that the unifying idea around which their national committee must be established was that of the "legal continuity" of the Polish Government. The principle of the legal continuity of the Polish Government was something that was believed in by 99 per cent of the Polish emigrés. (I remarked that this figure might be a bit high.) This principle was a very valuable asset and since it was viewed as such by so many Poles abroad, there could be **no compromise on this question. It must be the unifying idea which would bind the national committee together.** Those who did not accept it would have to be excluded from the proposed committee.

5. Next, Wszelaki gave me some data about the present standing of the Polish political parties among the emigres. He said the Socialists had lost considerable ground. The Pilsudkists had made the most surprising recovery in popularity among the emigres. They were quite strong. Bielecki's National Democrats were likewise popular but not the most popular. Lowest on the list were the so-called anti-Mikolajczyk "agrarians" (Peasant Party). They were fairly strong among the DP's in Western Germany. He could however discover no following or support for Mikolajczyk himself anywhere!

*Comments by EE:*

Wszelaki is a friendly and intelligent "London" Pole, whose views merit consideration. His report shows clearly the chasm still dividing the Polish emigres, particularly the political leaders. According to Wszelaki's account, the chief divisive element in the picture is Mikolajczyk himself, with whom there will be no truck, unless he recants and changes.

The popularity poll of the political parties is also interesting. It seems to show that the more conservative elements are gaining strength among the Poles abroad. The report of the rise of the Pilsudski group is almost disturbing. This faction includes a lot of young people, too. The ascendancy of the more conservative elements may be explained by the presence among the political emigres of so many pre-war leaders, including the military, as well as a reflection of the growing revulsion to Communism generally.

A Polish National Committee without the participation of the Polish

Peasant Party may have a diminished appeal for the people of Poland, particularly if they get the idea it stands for the old order. Relics of dead regimes are unlikely to have much attraction for the people back home. In its arresting editorial on June 3, 1949, commenting on the formation of the American Committee, *The Washington Post* stated: "The Committee for Free Europe will make a greater impact if it encourages men of the background of Mikolajczyk of Poland and Dimitroff of Bulgaria, whose names and whose records still stand for something at home."

FRED K. SALTER

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840.00/6-2149 : Circular airgram

*The Acting Secretary of State to Certain Diplomatic Offices*<sup>1</sup>

CONFIDENTIAL

WASHINGTON, June 21, 1949.

The formation of National Committee for Free Europe, Inc., with headquarters in New York, was announced on June 1, 1949. This Committee is a private organization concerning itself with democratic leaders and scholars who are exiled from the following countries: Poland, Czechoslovakia, Hungary, Rumania, Yugoslavia, and Bulgaria. The Committee will be financed by private contributions.

The following is quoted from a statement issued by Joseph C. Grew,<sup>2</sup> Chairman of the Committee, in announcing its formation:

"Our program begins with the tangible fact of the presence here of these exiles and refugees. There is an American tradition of hospitality to political refugees. The promise which we gave at Yalta remains unredeemed. More than that we have a definite self-interest in helping to keep alive, and in full vigor, political leaders who share our view of life—leaders who have refused to knuckle under, men who have not hesitated to risk their lives for their democratic faith. As item No. 1 in our immediate program we propose—have in fact already begun—to find suitable occupations for these democratic exiles . . . We are setting out to find suitable positions for them in colleges and universities. We are proposing to ask others of them to prepare studies on topics for which they are especially equipped . . . At the same time we are encouraging each national group of exiles to draw together politically—all democratic elements, that is, those other than Fascists or Communists—in order to form in their temporary American haven National Committees which can stand as symbols of democratic hope for their countrymen in Eastern Europe . . . We look forward to the day when there will no longer be an Iron Curtain . . . and these six nations which we helped liberate from the Nazi

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<sup>1</sup>This airgram was sent to 24 Embassies, Legations, and Missions in Europe and the Middle East.

<sup>2</sup>Former Ambassador in Japan (1932-1941) and Under Secretary of State (1945).



oppression will be free from the Communist oppression and once more can organize their existence in their own way. When that time comes, there will be something close to social chaos and political vacuum, for the first effort of totalitarian regimes is to destroy all constructive elements which might build anything different from themselves. Looking forward to that historic and critical time we have in mind that, if meanwhile democratic leaders have been helped to keep alive and in vigor in the democratic havens to which they have been driven, we can hope that, returning, they will have parts in a democratic reconstruction. Our second purpose will be to put the voices of these exiled political leaders on the air, addressed to their own peoples back in Europe, in their own languages, in the familiar tones. We shall help them also if we can to get their messages back by the printed word. . . . Of course we are not going to compete with the Voice of America. We shall endeavor to supplement the Voice of America, for the Voice is under restrictions by reason of its official character. It is our American habit not to leave everything to government. In the field of the contest of ideas there is much which private initiative can accomplish best. The third and final point in our immediate program is to set out at once to bring the exiled leaders into a broad contact with American life. . . . Our idea is to enable these proven champions of democracy to see with their own eyes how freedom and democracy are working out in the United States. . . . I have no doubt that as we go along other activities will be added to our program. . . ."

Members of the Committee, as of June 1, 1949 were: Frank Altschul (Treasurer), Hamilton Fish Armstrong, A. A. Berle, Francis Biddle, Robert Woods Bliss, Hugh A. Drum, Allen W. Dulles, Dwight D. Eisenhower, Mark Ethridge, James A. Farley, William Green, Joseph C. Grew (Chairman), Charles R. Hook, Arthur Bliss Lane, Henry R. Luce, Arthur W. Page, DeWitt C. Poole (Executive Secretary), Charles M. Spofford, Charles P. Taft, DeWitt Wallace, Mathew Woll.

For your information, the Department has been continually informed of the process of formation of the Committee. Although the Department has no active concern with the Committee's activities, it has given its unofficial approval to the Committee's objectives. Because of the implicitly political nature of the Committee's work, there will be coordination between it and the Department. We expect that the Committee will cooperate in every way toward the accomplishment of our objectives in Eastern Europe and of the general aims of our foreign policy.<sup>3</sup>

WEBB

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<sup>3</sup> At his press and radio news conference on June 23, Secretary of State Acheson was asked if the State Department supported or endorsed the newly established National Committee for Free Europe. The Secretary replied that the Department was very happy to see the formation of the distinguished group. He also said that the Department felt the purpose of the organization was excellent and was glad to welcome its entrance into the field and give it hearty endorsement (News Division Files).



860C.00/6-2749

*Memorandum of Conversation, by the Counselor of the Department of State (Bohlen)*

CONFIDENTIAL

[WASHINGTON,] June 27, 1949.

Participants: Mr. Stanislaw Mikolajczyk  
Mr. Charles E. Bohlen  
Mr. Llewellyn E. Thompson, Office of European Affairs

Mr. Mikolajczyk said he was leaving for a trip to Europe in a few days and that one of his chief tasks would be to work on the problem of the unification of the Polish emigré movement. He said he had recently talked to Mr. Dewitt Poole of the Free European Committee as a result of which he was a little bit confused about the American attitude toward this problem. He said that he had the impression that the Peasant International was likely to be more or less sidetracked. While he recognized the importance of national committees and the role they should play, he thought it would be a mistake if the Peasant International were not maintained as a vigorous organization. He referred to its excellent record of anti-Communism and the fact that there were in existence among the emigrés groups whose objective was the establishment of socialism, totalitarianism or other systems in the satellite countries when they are liberated. He thought the peasants in all these countries would constitute a bulwark against the imposition of any reactionary ideological concepts. He also stressed the importance of the Peasant International in furthering international cooperation among the countries represented.

With respect to Polish unity, Mr. Mikolajczyk reviewed the well-known difficulties facing the Polish emigrés and particularly the question of legal continuity. He referred to the fact that the Polish government in London had been reconstituted but was even less representative than formerly. He said his group could not accept the principle continuity which meant a commitment that Poland would return to the unsatisfactory situation that existed before the war and would provide an excuse for the imposition of politicians who no longer had popular support. He inquired whether there had been any change in the views of the Department on this problem.

Mr. Thompson said that there had been no change in our views which he had expressed not only to him on the occasion of their last talk but also to Mr. Bielecki and other Polish leaders in exactly the same terms.<sup>1</sup> Briefly we were interested in the broadest possible unity among Poles abroad. The problem was one which could only be re-

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<sup>1</sup> Regarding the conversations under reference here, see footnote 5 to the memorandum of conversation by Thompson, March 30, p. 284.

solved by the Poles themselves and we were not supporting any individual or group nor did we intend to exert any pressure on anyone. We could not speak for the Free European Committee which was a private organization but it seemed reasonable to suppose that in their case as in the case of the Department, the broader the scope of unification the more interest and sympathy we would have for any Polish organization that might be created. We could not permit in the United States any group which purported to be a government-in-exile. The question of legal continuity was not one on which we wished to take any stand except as it might relate to the question of whether or not a given Polish organization purported to be a government. This would not preclude members of a Polish committee from individually supporting the idea of legal continuity or even the London government although we would probably not find acceptable as members of such a committee any Pole who was also a member of the London government.

Mr. Mikolajczyk discussed briefly the current situation in Poland which he said was deteriorating. He put the number of Soviet troops at around 300,000 and said they were mostly in the new territories. He referred to the fact that a number of war-time airfields were being rehabilitated and attributed these and other measures largely to an attempt to offset the impression and the effects of the Berlin airlift. He thought the Russians were concerned about the training advantages we had received from this operation. Mr. Mikolajczyk thought it was unwise to attempt to carry out any underground activities in Poland at this time but thought the creation of some organization to maintain contact was important.

On the subject of the use of emigrés on live broadcasts to Poland, he expressed the opinion that the important thing was to show the Polish people that someone was interested in their fate and was informed about developments. He said that there were a large number of radio sets in Poland and that he hoped we would not oppose in any trade agreements that might come up for consideration the supply of vacuum tubes to Poland since otherwise many of these sets might go out of use.

When I mentioned that I thought the Polish Government was worried for fear the Russians would sell them out on the frontier issue at the Paris Conference,<sup>2</sup> Mr. Mikolajczyk remarked that all Poles had been worried about this and he made clear his support of the present frontiers. I pointed out that our position was that this problem should be studied and that this continued to be our position. I did however indicate that some people felt the Poles should think very hard about

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<sup>2</sup> The reference here is to the Sixth Session of the Council of Foreign Ministers, held in Paris, May 23–June 20, 1949. For documentation on that session, see vol. III, pp. 856 ff.



how the real long-range interests of Poland on this question could best be served. Whatever Mr. Mikolajczyk's real views on this question may be, he will clearly stick to the position that the present frontier should be maintained.

CHARLES E. BOHLEN

701.60P11/6-2849

*Memorandum of Conversation, by the Chief of Protocol (Woodward)*

[WASHINGTON,] June 28, 1949.

Participants: The Secretary of State, Mr. Acheson  
The Chargé d'Affaires of Latvia, Mr. Jules Feldmans  
The Attaché of the Latvian Legation, Mr. Dinbergs  
The Chief of Protocol, Mr. Woodward

The Chargé d'Affaires of Latvia, Mr. Jules Feldmans, was presented to the Secretary today at 12:15 p. m. by the Chief of Protocol.

To the Secretary's welcoming remarks the Chargé said that he was very pleased to be here, and that our action in accepting a Chargé d'Affaires of Latvia was sincerely appreciated, especially in the present unusual circumstances. The Secretary said that he realized these were unusual circumstances in which to receive him, but these were unusual times and added that the President felt this action was clearly the right one in the circumstances.

Mr. Feldmans stated that unfortunately the Latvian President could not sign his credentials as he was an exile in Siberia.

The Secretary referred in complimentary terms to the late Latvian Minister, Dr. Bilmanis, and wished the new Latvian Chargé d'Affaires well in his Washington Mission.<sup>1</sup>

Upon taking leave the Chargé handed the Secretary a letter signed by Mr. Charles Zarine, Latvian Minister in London, bearer of the Special Emergency Power of the Latvian National Government accrediting Mr. Feldmans to Washington. The Chargé also left with the

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<sup>1</sup> In a memorandum of June 27 to the Secretary of State, not printed, Llewellyn E. Thompson, Deputy Director of the Office of European Affairs, briefed the Secretary on his scheduled meeting with Feldmans. Thompson suggested that the Secretary might wish to refer briefly to the distinguished service of Dr. Bilmanis and added:

"Our decision to receive a new Latvian Chargé d'Affaires underlines our general policy toward the Baltic States and demonstrates our continuing interest in, and sympathy for, the people of Latvia." (701.60P11/6-2749)

The Secretary of State does not appear to have discussed the substance of United States policy toward the Baltic States during this conversation. In a conversation with Feldmans on September 8, however, Thompson did inform the Chargé that there had been no change in American policy toward the Baltic States and that none currently was under consideration. Thompson added that as a result of a greater awareness of Soviet aims and methods on the part of the American people, he felt that the policy had a wider basis of popular support than at any time since World War II (memorandum of conversation by Thompson, September 8, 1949: 711.60N/9-849).



Secretary his "Remarks", and the Secretary handed Mr. Feldmans his "Response".<sup>2</sup>

S[TANLEY] W[OODWARD]

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<sup>2</sup> A copy of the Secretary of State's "Response" under reference here has not been found. The other documents referred to are included as attachments to Thompson's memorandum of June 27 cited in the previous footnote.

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874.00/6-2949

*Memorandum of Conversation, by Mr. Roy M. Melbourne of the  
Division of Southern European Affairs*

CONFIDENTIAL

[WASHINGTON,] June 29, 1949.

Having just returned from several weeks' leave, I took the occasion to have lunch yesterday with Dr. Dimitrov, President of the Bulgarian National Committee, in order to learn of any developments in his field. The big event in his estimation was the recent formation of the US Committee for a Free Europe which has been established under the auspices of prominent Americans.

In Dr. Dimitrov's discussion of the Free Europe Committee there was a mixed reaction. He asserted that the organization up to now had adopted a standoffish attitude toward the International Peasant Union. He deprecated this, saying that the Peasant Union has been the only agency representing the predominantly agrarian peoples of Eastern Europe and that it was composed of recognized political leaders in exile from these countries. Dr. Dimitrov considered that while the Peasant Union had not been able to do much, yet it has been a rallying point for the oppressed Eastern European peoples and that, if there was not the fullest cooperation between the Free Europe group and the Peasant Union, this would have an adverse effect upon the work of both agencies.

The Free Europe development has also posed another problem, according to Dr. Dimitrov. He felt that inadvertently it might become a vehicle for watering down the idealism which has been the basis for the appeal of the International Peasant Union. He elaborated this to the effect that unless care were taken in the future by the Free Europe Committee, exiles scenting material advantages, such as financial assistance, to be gained through that agency, would jump on the band wagon. As a result, any political movements in Eastern Europe to which the Free Europe agency would give its approval might be unduly laden with those of opportunist calibre.

Dr. Dimitrov believes that the political future of Eastern Europe will be determined by the agrarian movement. He was one of the guiding spirits in the founding of the International Peasant Union

and is its executive secretary. It thus is clear that he has vague apprehensions that this organization may play on a minor circuit unless there is a readiness by the Free Europe group to welcome close affiliations with the Peasant Union.<sup>1</sup>

[ROY M. MELBOURNE]

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<sup>1</sup> In a conversation with Melbourne and John C. Campbell, Assistant Chief of the Division of Southern European Affairs, Dimitrov restated his view that the International Peasant Union had the best possibility for maintaining quick and stable contacts with the populations of the predominantly agrarian countries of Eastern Europe. Dimitrov explained that the International Peasant Union was seeking to widen its scope of activities through the addition of peasant party leaders from countries which had not previously been members (memorandum of conversation by Melbourne, July 15, 1949 : 800.00/7-1549).

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840.00/8-949

*Memorandum of Conversation, by the Assistant Chief, Division of Eastern European Affairs (Salter)*

CONFIDENTIAL

[WASHINGTON,] August 9, 1949.

Reference is made to my memorandum of Conversation dated July 15, 1949 with Mr. Feldmans concerning the attitude of the National Committee for Free Europe, Inc. toward the Baltic states.<sup>1</sup>

During a conversation with me today at the Department the Chargé d'Affaires brought up this subject and asked me whether I could let him have any information. I replied that I understood that one or two Baltic leaders had been in touch with Mr. Poole, Executive Secretary of the Committee, who advised them that at the present time the New York Committee is not actively concerned with the Baltic States. I pointed out that the Committee felt that its hands were already full with its other activities and that, for the present at least, it was not felt practical to widen the scope of the Committee's work.

Mr. Feldmans thanked me for this information and asked me to keep him informed of any developments that might occur with regard to the New York Committee and the Baltic states.<sup>2</sup>

FRED K. SALTER

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<sup>1</sup> During a visit to the Department of State on July 15, Latvian Chargé Jules Feldmans noted that the announcement of the formation of the National Committee for Free Europe contained no reference to the Baltic States, and he wondered if this indicated whether those states would not be permitted to have any relationship with the Committee. (Memorandum of conversation by Salter, July 15 : 840.00/7-1549)

<sup>2</sup> In a note of October 29 to the Secretary of State, not printed, Chargé Feldmans complained that a pamphlet recently issued by the National Committee for Free Europe included a map which depicted the Baltic States as integral parts of the Soviet Union (840.00/10-2849). In a reply of November 25, the Secretary of State observed that the Committee was a private and unofficial organization, and the Department of State was not in a position to intervene with the Committee regarding the map (840.00/10-2849).

501.BB Balkans/9-849

*Memorandum of Conversation, by the Deputy Assistant Secretary of State for European Affairs (Thompson)*

CONFIDENTIAL

[WASHINGTON,] September 8, 1949.

Participants: Mr. Jules Feldmans, Latvian Chargé d'Affaires  
EUR—Mr. Thompson  
EE—Mr. Salter

During the course of a conversation with me at the Department today, the Chargé d'Affaires referred to conditions in the Baltic States, mentioning particularly the action of the USSR in deporting nationals of those states to the Soviet Union. The situation was tragic and deplorable, he said, involving genocide and the violation of human rights. Mr. Feldmans said he was considering submitting a memorandum on conditions in the Baltic states to the forthcoming session of the General Assembly in the hope that some action, possibly an investigation, might be ordered by the UN. He inquired whether such a request to the UN would have the support of the U.S. Delegation. Speaking personally and quite frankly, I told Mr. Feldmans that I did not think it would. I said this Government was concerned over the reports received of conditions in the Baltic states and deeply sympathized with the people there. U.S. consideration of his memorandum would subject the UN to a strain which we would not wish to place upon it at this time, particularly since the only results likely to be achieved would be a certain amount of publicity. Our decision to support a cause [*course*] of action in the UN was usually determined on the basis of the over-all political situation at the time and, in regard to the presentation of a memorandum of the kind he had described, the question of timing was of special importance. Mr. Feldmans said he fully understood the difficulties involved but he felt that one should not wait indefinitely to take some action with regard to the Baltic States.

LLEWELLYN E. THOMPSON

860F.00/11-2949

*Memorandum of Conversation, by Mr. Harold C. Vedeler, Principal Assistant to the Officer in Charge of Polish, Baltic, and Czechoslovak Affairs, Office of Eastern European Affairs*

SECRET

[WASHINGTON,] November 29, 1949.

Dr. Heidrich<sup>1</sup> called by request to discuss the question whether the Council of Free Czechoslovakia should admit as members any refugees from Sub-Carpathian Ruthenia. He said that certain members of the

<sup>1</sup>Dr. Arnost Heidrich, Secretary General of the Council of Free Czechoslovakia; Secretary General of the Czechoslovak Foreign Ministry until his flight into exile at the end of 1948.



Council had raised this question proposing the membership of specific individuals and that he wished on behalf of the Council to know what the attitude of the State Department would be on the inclusion of such persons.

I said that in our view the composition of the Council of Free Czechoslovakia was a matter for the decision of the Czechs and Slovaks themselves so long as the Council took no action which might embarrass this Department. In the further consideration of the matter he and his colleagues might wish to take into account two points. The first was the fact that the US has ratified two treaties, the Peace Treaties with Rumania and Hungary, which provide for frontiers between the Soviet Union and those two countries on the basis of the territorial arrangements effected through the Soviet-Czechoslovak Agreement of June 29, 1945 by which Sub-Carpathian Ruthenia was transferred to the Soviet Union. The Peace Treaty with Rumania refers explicitly to this agreement of June 1945 defining the Soviet-Rumania frontier.

The second point was the effect which inclusion of representatives from Sub-Carpathian Ruthenia might have on future relations between a free Czechoslovakia and the Soviet Union in the event of Czechoslovakia's liberation from the present regime without a general territorial resettlement in Eastern Europe. It was conceivable that some time in the future Soviet control of Czechoslovakia might be thrown off without such a general upheaval. The influence which inclusion of Ruthenian representatives and active espousal of claims to Sub-Carpathian Ruthenia at this time might exert on the winning of Czechoslovak freedom and the establishment of stable relations with the Soviet Union under these conditions might well be carefully appraised.

Dr. Heidrich intimated that he personally was not inclined to admission of Ruthenian representatives and that the Council would give a good deal of further thought to the question, probably deferring a decision for the present.

[HAROLD C. VEDELER]

## ALBANIA

### ATTITUDE OF THE UNITED STATES TOWARD THE REGIME IN ALBANIA<sup>1</sup>

875.00/4-2949 : Telegram

*The Ambassador in France (Caffery) to the Secretary of State*

TOP SECRET

PARIS, April 29, 1949—7 p. m.

1746. ReDeptel 1349, April 27.<sup>2</sup> Foreign Office has limited detailed or statistical material Albania and regards it as being developed into strategically important Soviet outpost between Yugoslavia and Greece, with complete political, economic and military Soviet control of country through 4000 Soviet civilian technicians and 1300 Soviet military, latter to train Albanian army of 25-30,000 men which is receiving extensive Soviet equipment.

Political control is exercised through Hoxha regime, Moscow's man being Shehu,<sup>3</sup> Interior Minister and official successor to Hoxha.<sup>4</sup>

Soviet economic control, which prior to Tito's break with Cominform had been exercised by Yugoslavia, is total. All Yugoslav technicians have been removed and their Russian replacements total 4000. Furthermore, USSR has practical monopoly Albanian foreign trade, supplying latter by sea not only with necessary food imports without which she would starve but also apparently with fertilizers, tractors, railway and other industrial equipment denoting a real effort, whether propaganda or substantive, to create modern state entirely dependent on USSR. Regular liaison with USSR other than by sea limited to one fortnightly Soviet airplane passing over and hence subject control of Yugoslavia.

Cultural and educational control in hands USSR which replaces

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<sup>1</sup> Additional materials regarding the attitude of the United States toward Albania are included in the documentation on the Greek civil war and the efforts to resolve the dispute between Greece and Bulgaria, Yugoslavia, and Albania, presented in volume vi.

<sup>2</sup> Not printed; it requested the Embassy in Paris to obtain from the French Foreign Ministry as soon as possible such information as was available from the French Legation in Albania regarding the current economic, military, and political situation in Albania with specific details as to the degree of Soviet control (875.00/4-2749).

<sup>3</sup> Maj. Gen. Mehmet Shehu, Albanian Deputy Prime Minister and Minister of Interior; Member of the Politburo and Secretary of the Secretariat of the Albanian Workers' Party.

<sup>4</sup> General Enver Hoxha, Albanian Prime Minister, Minister of Foreign Affairs, Minister of Defense, and Commander in Chief; Secretary General of the Albanian Workers' Party (the Communist Party of Albania).

Yugoslavia, which replaced Italy. Russian is principal foreign language taught in schools and most Albanian students studying abroad at state expense have been transferred to Russian universities.

To the 1300 Soviet officers resident in Albania for purpose organizing and training Albanian army must be added unknown number attached Greek rebel forces which use Albanian territory as base. Latter, however, have no internal function in Albania.

French consider Albanian population as whole largely hostile to regime and increasingly anti-Russian. However, they are under complete control and no dissident or resistance movements exist except potentially.

Former French Minister Menant<sup>5</sup> now in France awaiting reassignment (probably to Panama) and succeeded by Chartier, former Consul General, Milan, who arrived Tirana February. . . .

Foreign Office prepared allow us study recent despatches from Tirana most of which we glanced at yesterday but do not believe much more detailed information than that summarized here will be available. If Department has specific questions believe conversation with Menant (who is not now in Paris) would be most productive. Endeavoring also to contact Mr. Walling, American citizen and UNICEF representative in Albania, now in France and his views, if obtainable, will be cabled.

CAFFERY

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<sup>5</sup> Guy Menant, French Minister in Albania, August 1946–December 1948; appointed French Minister to Panama in April 1949.

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711.75/5-1449

*Memorandum of Conversation, by the Assistant Chief, Division of Southern European Affairs (Campbell)*

SECRET

FLUSHING MEADOW, [NEW YORK,] <sup>1</sup> May 14, 1949.

Participants: Mr. Behar Shtylla, Albanian Minister to France.

Mr. Harry N. Howard<sup>2</sup>—GTI

Mr. John C. Campbell—SE

Mr. Shtylla said that he had approached Mr. Benjamin V. Cohen of the US Delegation to the General Assembly about ten days ago, saying that he would like to discuss informally the subject of US-Albanian relations. Mr. Cohen informed him that this subject was

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<sup>1</sup> This meeting presumably was held at the headquarters of the United States Delegation to the United Nations General Assembly at Flushing Meadow, New York.

<sup>2</sup> Howard, Adviser to the Division of Greek, Turkish, and Iranian Affairs, was a member of the United States Delegation to the Third Regular Session of the General Assembly.



outside his present duties and that Mr. Shtylla should get in touch with the Departmental officers concerned with Albania. On May 13 Mr. Shtylla approached Mr. Howard at Flushing Meadow. Mr. Howard telephoned the Department and arranged the present interview.<sup>3</sup>

Mr. Shtylla emphasized that his approach was informal, as he had no formal instructions from his government in the premises, but that he was presenting his government's views. He stated that since the war the Albanian Government had always desired to have diplomatic relations with the US. Approximately three years having passed without any communications from either side on the subject, his government was prepared to review the situation in the light of what had taken place in this regard in 1945 and 1946 and of present-day circumstances. He wished to know, specifically, what was the position of the US. The contemplated establishment of diplomatic relations had not taken place in 1945 and 1946 owing to a disagreement over Albania's confirmation of prewar treaties between the two States.<sup>4</sup> Did the US, he asked, still stand on the position it had taken in 1946? Or was its position determined by other factors? What he wanted to communicate to his government was a statement of the official position of the US. He wished to know whether the US was willing to consider the question of establishing diplomatic relations with Albania, and, if so, on what terms.

I said that I could give no such statement of policy on behalf of the Department. I was authorized only to hear what he had to say. I then gave a brief resumé of the history of the question since the entry of the Jacobs Mission into Albania in May 1945.<sup>5</sup> I noted that the Albanian Government had agreed in 1946 to confirm the multilateral treaties but had still insisted that bilateral treaties be renegotiated after the establishment of diplomatic relations. I referred also to the difficulties which

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<sup>3</sup> According to a memorandum of telephone conversation by Robert M. McKisson of the Division of Southern European Affairs, May 13, not printed, Howard called from United States Delegation headquarters in New York to report that he talked that morning with Minister Shtylla at the latter's request. Shtylla was in New York in connection with the efforts of the Conciliation Committee of the Third Committee of the General Assembly to resolve the disputes between Greece, Bulgaria, Yugoslavia, and Albania. Shtylla observed that in view of the impending solution of the Berlin crisis and in the light of traditional Albanian-American friendship the time had come informally to discuss United States-Albanian relations. Howard inquired of McKisson whether in view of the fact that Shtylla's visa did not permit him to travel outside New York the Department might wish to send a representative to New York to talk informally with Shtylla (711.75/5-1349).

<sup>4</sup> For documentation on the unsuccessful efforts of the United States in 1945 and 1946 to reach a satisfactory basis for the reestablishment of diplomatic relations with Albania, see *Foreign Relations*, 1945, vol. iv, pp. 1 ff. and *ibid.*, 1946, vol. vi, pp. 1 ff.

<sup>5</sup> Foreign Service Officer Joseph E. Jacobs headed the informal United States mission in Albania during 1945 and 1946.

our Mission had encountered in 1946 and to its discourteous treatment at the hands of the Albanian Government. He replied that there had been no such difficulties except those caused by the activities of certain members of the Mission. Mr. Shtylla and I agreed to disagree on this point without going into it further.

I then mentioned the informal visit which Colonel Tuk Jakova paid to the Department in August 1946, when he talked with Mr. Hickerson.<sup>6</sup> I then recalled the formula for acceptance of the treaties in principle and renewal of diplomatic relations which had been proposed at that meeting. (This formula met our position in all important respects.) Mr. Shtylla asked whether Albania or the US was responsible for the dropping of this attempted compromise. I said that it was my understanding that we had never heard anything further about it and that it dropped out of sight because Albania did not find it satisfactory. At about the same time the Albanian Government made another proposal, unacceptable to the US, to the effect that the multilateral treaties should be confirmed but not bilateral treaties except after renegotiation following the establishment of diplomatic relations.

I asked Mr. Shtylla if he had any concrete proposals to make. He said that he could not make any proposals until he knew what the US position was. I inquired what Albania would propose, if it might be supposed that the US position was the same as in 1946. He said that he could not make any statement concerning a hypothetical situation, as his instructions did not cover that.

I told Mr. Shtylla that I was returning to Washington on Sunday and would report to the Department what he had said and would find out whether it would be possible to communicate to him an informal statement on the Department's position such as his Government desired. He stated that he had intended to leave New York for France at the end of the present session of the General Assembly (it will probably conclude tonight or tomorrow), but that he could stay a few more days if necessary for further talks on this subject. I propose to call Mr. Howard late this afternoon, in order that he may communicate with Mr. Shtylla and let him know whether the Department has anything to tell him, and, if so, whether we will communicate again with him in New York within a few days or later through the Embassy in Paris. It would be desirable to have some sort of decision today even if only a decision on whether to suggest that he stay around a few more days in New York. He cannot come to Washington since his visa is good only as far as the New York City limits.

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<sup>6</sup> For a brief account of the conversation in August 1946 between then Deputy Director of the Office of European Affairs, John D. Hickerson, and Albanian Minister without Portfolio Tuk Jakova, see telegram 4689, September 9, 1946, to Paris, *Foreign Relations*, 1946, vol. VI, p. 26.



Although Mr. Shtylla was not expansive I got the impression that the Albanian Government desires to find some formula for the establishment of relations with the US. Perhaps it is ready to accept our views on the treaties, although Mr. Shtylla gave no indication of this. Nothing he said gave any hint as to why Albania had chosen to make this approach at this particular time.

[JOHN C. CAMPBELL]

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875.00/5-1449

*Memorandum by the Director, Office of European Affairs (Hickerson)  
to the Assistant Secretary of State for United Nations Affairs  
(Rusk)*

SECRET

[WASHINGTON,] May 16, 1949.

*Discussion:*

SE's attached memorandum of conversation <sup>1</sup> with Behar Shtylla, Albanian Minister to France, indicates that the Albanian Government wishes to discuss the establishment of diplomatic relations with the United States and may be willing to meet the condition (acceptance of prewar treaty obligations) which we set and which they refused in 1945-46. We are not sure why this approach is being made at this time. It may be assumed that it is made with Soviet consent and probably on Soviet suggestion. Albania's difficult economic situation may be a major factor in the picture.

There would be certain obvious disadvantages to establishing relations with the Hoxha Government at this juncture. It is now a 100 percent Moscow-controlled police regime. Recognition by the US would be resented by anti-Hoxha elements among Albanians and also by the Greeks. It might be subjected to some criticism in this country as a sign of favor to a particularly unsavory government. In opposing Albania's entry into the UN we have stated that we consider the Hoxha Government unable or unwilling to fulfill the obligations of the Charter.

On the other hand, an agreement by Albania to accept the prewar treaties would partially meet this criticism. Moreover, if recognition were accorded, the US could state explicitly that such action did not involve or imply approval of the policies and methods of the Albanian Government. The establishment of diplomatic relations would enable us to protect US citizens better than we can at present. It would also

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<sup>1</sup> The reference here is to Campbell's memorandum of conversation of May 14, *supra*.



contain advantages, from the standpoint of information and possibilities of action, that we do not now enjoy. In the present state of affairs in the Balkans, and especially in Albania, which is a weak spot in the Soviet sphere, the presence of a US Mission in Albania might be very useful.

In any further discussions on the subject the Department might indicate, without setting absolute conditions at the outset, that we would require some assurances not only on the question of prewar treaties, but also on the freedom of any American diplomatic mission to perform its duties without vexatious interference such as Mr. Jacobs had to put up with in 1946. Furthermore, we would have a right to expect changes in Albania's attitude toward Greece and toward UN-SCOB indicating that the Albanian Government had the intention of respecting international law and the rights of other states.

The Albanian approach requires some thought and discussion here and possible consultation with the British. It seems unwise and in fact hardly possible to give the Albanians an early statement of a definite US position.

*Recommendations:*<sup>2</sup>

It is recommended that:

(1) We let Shtylla know informally today that he cannot expect an immediate answer to his query, and that there is no reason for him to delay his return to Paris on that account.

(2) We let him know at the same time that the matter can hardly be considered apart from related questions such as Albania's role in the war in Greece, her failure to cooperate with the UN, etc.

(3) We inform him also that we will consider any views which he may wish to present later.<sup>3</sup>

(4) In preparing for any further exchanges and in formulating the Department's position on the subject, we should keep our approach flexible, bearing in mind the advantages, in principle, of having diplomatic relations with Albania so long as reasonable conditions are met and so long as the establishment of such relations contributes to the furtherance of our general policy objectives toward the USSR, the Balkans, Greece, etc., and is consistent with our obligations to the UN.

JOHN D. HICKERSON

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<sup>2</sup> A marginal handwritten notation on the source text indicates that Assistant Secretary Rusk approved numbered recommendations 1, 2, and 3 on May 16. A further handwritten notation by John Campbell records that the recommendations were telephoned to Harry Howard in New York on May 16.

<sup>3</sup> In the source text this recommendation has been revised in handwriting presumably by or at the direction of Assistant Secretary Rusk. The recommendation originally read as follows: "(3) We inform him also that the Department would be glad to take under consideration any proposals his Government may have to offer."

711.75/5-1749

*Memorandum of Convention, by Mr. Harry N. Howard, Adviser to the  
United States Delegation to the United Nations*

SECRET

[NEW YORK,] May 17, 1949.

Following our conversations on Friday and Saturday, May 13 and 14,<sup>1</sup> and my telephone conversation with Mr. Campbell last evening,<sup>2</sup> I spoke with Mr. Shtylla this morning about American-Albanian relations. I said that the Department of State had reached no ultimate decisions in the matter and that there would be no reason why Mr. Shtylla should delay his departure for Paris. I further remarked that the position of the United States in the matter of Albania's treaty obligations remained as it had been in 1946, but that there were additional political elements which had since entered into the situation. On Mr. Shtylla's inquiry, I remarked that these involved Albanian assistance to the Greek guerrillas, as established by the U.N. Commission of Investigation in 1947 and by UNSCOB in 1948-1949. In turn this situation involved Albania's relations with the UN. Mr. Shtylla made no particular comment as to the Greek guerrillas, but he did indicate that Albania's attitude toward the UN was well known. Albania had long since applied for membership in the UN. The conversation closed with my remark that if the Albanian Government had some views which it desired to present concerning these matters, the Department would be willing to consider them.

[HARRY N. HOWARD]

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<sup>1</sup> For Campbell's record of the conversation with Shtylla on May 14, see p. 299; regarding Howard's conversation with Shtylla on May 13, see footnote 3 to the Campbell memorandum.

<sup>2</sup> Regarding the telephone conversation under reference, see footnote 2 to Hickerson's memorandum to Rusk, p. 303.

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*Editorial Note*

On May 23, 1949, an official of the British Embassy in Washington informed the Department of State that the Albanian regime had made no approach to the United Kingdom Government concerning the possible establishment of diplomatic relations. The Embassy official explained that had such an approach been made, the British reaction would have been approximately the same as that of the United States. The British Foreign Office did not consider it desirable to establish normal diplomatic relations with Albania because of: (1) Albania's aid to the Greek guerrillas; (2) Albania's action against British ships in the Corfu Channel in 1946 and its failure to pay damages called for; (3) the probable adverse reaction of opinion in the United Kingdom and Greece to any move normalizing relations with Albania; and

(4) the fact that the Hoxha regime was in a very weak position and ought not to be strengthened in any way, materially or psychologically. These British views were reported in a circular telegram transmitted to various missions in Europe on June 6 (800.00 Summaries/6-649).

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875.00/6-2849

*Memorandum of Conversation, by the Deputy Director, Office of European Affairs (Thompson)*

CONFIDENTIAL

[WASHINGTON,] June 28, 1949.

Participants: Guy Menant, French Minister to Panama  
Armand Bérard, Counselor, French Embassy  
Llewellyn E. Thompson, EUR  
Tom Betts  
Mr. McCarger

M. Menant who is in this country for a few days en route to his new post in Panama came in at our request in order to give us a first hand account of his impression of the situation in Albania where he has until recently served as French Minister.

M. Menant began by saying that while he would not assume to criticize our decision not to maintain our mission in Albania, he felt it had been most unfortunate that we had not been represented there particularly during the past year. He stressed the importance of Albania both from a strategic and from a political point of view. He said that the Albanian people looked to the United States more than to any other country and said that despite the efforts of the present regime, the Albanian people were very friendly disposed toward the West and toward the US in particular. In his opinion Albania was not capable of an independent existence without the strong support and virtual management of an outside power. He pointed out that this had always been the case in the past. He said the Albanians had strongly resented Yugoslav management of their affairs because of the callous and brutal way in which it had been carried out. Although ignorant and unskilled, the Albanians are a proud people and the Yugoslavs have been very intolerant of their sensibilities. He felt that the brutal way in which the Albanians had supported the Cominform against Tito was a reflection of this feeling and it was even possible that they had acted without waiting for any directive from Moscow.

The Minister described the present situation by saying that the Albanians had jumped from the frying pan into the fire and that the internal situation was now disastrous. People were suffering bitterly from the lack of supplies of all kinds. The regime had never been genuinely popular and now the opposition to it included almost every-



one not immediately involved in the regime. He said the regime was maintained chiefly by the secret police who were well cared for personally, at least on a relative basis, and therefore willing to support the regime. The loyalty of the army was more in question but was strictly controlled both by the police and the Russians. When he had first arrived in Albania the army was in a most dilapidated condition, many of the soldiers not having uniforms and sometimes not even shoes. The Russians had given them supplies and they were now led by Russian officers and presented a good appearance.

Although the Minister felt that the United States had a most important role to play he warned that we should be extremely cautious as the situation was both delicate and complex. He thought the government might like to reestablish diplomatic relations with us in the hope of obtaining supplies but said he assumed we would not consider such a step this time.

I said that although there were some indications that the Albanians were thinking along these lines, we felt we could not consider such a matter at this time because of the Greek situation, apart from any other reasons. I inquired what the reaction of the Albanian people would be to the reestablishment of relations. Would they interpret this as meaning that we were supporting the present regime and that they would have no hope of ridding themselves of it.

The Minister replied that the Albanian people would be overjoyed and while he agreed that the Greek situation would prevent such a step now, he felt that if this were out of the way it would still be important that we attach conditions to recognition which would enable us to make clear to the Albanian people that it was the regime which had backed down and not the United States.

The Minister observed that he had not been allowed to travel recently in Albania and had even been refused permission to lay a wreath at the French military cemetery not far from Tirana. He said the reason for this was the assistance to the Greek guerrillas which he had observed on his earlier trips. He said he was continually under surveillance as were all members of the Albanian Government. It had never been possible for him to talk to a member of the government alone. While he thought it would never be possible for the West to do business with Hoxha, he thought that the Vice-President would eventually succeed him and was a man who had not been compromised to an extent which would make it impossible for us to do business with him. With reference to Hoxha he referred to the number of people who had been accused and convicted of acting as our agents and the many other false charges brought against us.

When I inquired what his impressions were of the real feeling of the Albanian people toward the Yugoslavs and Greeks, the Minister replied that this varied in the different parts of the country. He

thought that a great many of the people would welcome a division of Albania between Greece and Yugoslavia since they realized the country could not stand on its own feet and anything would be better than the present situation. He said that most of the people were fiercely individualistic and were invariably opposed to the government. He mentioned one tribal leader who had about 5,000 followers whom the regime kept in line partly by a daily ration of a gallon of alcohol. In reply to a question he said that most of the tribesmen had arms.

I referred to a report that considerable numbers of Albanians had crossed the frontier to Yugoslavia for asylum and particularly a report that virtually a whole village had gone over. The Minister thought this unlikely since the government had created a no-man's land along the frontier which was very difficult to cross.

On the Greek question the Minister said he thought it would be fatal if the Communists were ever allowed to be legally reestablished in Greece. The Communists had stronger leadership and discipline and would exploit the weakness of the average Greek politician and quickly get control of the government.

On the question of Yugoslavia he thought it very possible that Tito<sup>1</sup> and Stalin would eventually work out a deal, and he gave some credence to the possibility that the rift was a put-up job. I pointed out that the amount of dirty linen that had been washed in public over this affair seemed to me to be strong evidence to the contrary. He agreed with this but thought that in any event some form of reconciliation was possible and stressed that Tito remained a staunch Marxist.

[LLEWELLYN E. THOMPSON]

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<sup>1</sup> Marshal Tito (Josip Broz), Yugoslav Prime Minister and Minister of Defense; Secretary General of the Communist Party of Yugoslavia.

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765.75/8-549 : Telegram

*The Secretary of State to the Embassy in Italy*

SECRET

WASHINGTON, August 15, 1949—7 p. m.

1833. Dept glad to note Zoppi's assurances Ital Govt's cooperation facilitating movement members prospective Alb National Comite reported urtel 2415 Aug 5.<sup>1</sup> Also appreciate his seeking our views re

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<sup>1</sup> Telegram 1667, July 29, to Rome, not printed, asked the Embassy to inform the Italian Foreign Ministry that the United States had been advised of the imminent establishment of a Council for Free Albania and took the same attitude toward it as it had toward the establishment of other exile national committees. The Embassy was to indicate that the British held a similar view (840.00/6-2149). Telegram 2415, August 5, from Rome, not printed, reported that the substance of the Department's instructions had been conveyed to Vittorio Zoppi, Secretary General of the Italian Foreign Ministry. Zoppi offered as his personal opinion that he fully recognized the political advantages of maintaining the symbol of a free Albania, but he believed that the Albanians in exile associated with the Council for Free Albania and led by Midhat Frasheri represented too conservative a minority to take over in Albania once liberation from totalitarian oppression should take place (840.00/8-549).



possible Ital approach to Alb Govt. While we wld regard any Ital advice to Hoxha regime suggesting desirability fundamental change in policies as unwise and unrealistic in view his subjection to Moscow, believe might be useful if Italy took appropriate occasion to tell Alb Govt continued aid to Grk guerrillas impeding Balkan settlement and stabilization situation in Adriatic area in which both Italy and Alb directly concerned. In ur discretion you may inform FonOff accordingly.

Dept gratified at Zoppi's reaffirmation existence of free and independent Alb is basic Ital policy. We must, however, recognize that any moves which appear to give Italy special or leading role in Alb understandably arouse fears that Italy may wish to regain pre-war dominant position there.

Dept wld like to know when Ital mission going to Tirana as result recent decision re-establish dipl relations. In this connection you shld discreetly inform FonOff that Dept would appreciate being kept informed of important polit developments in Albania which may be reported to Rome by Ital mission there.

Re third para reftel we have repeatedly told Grks we oppose any Grk mil ventures into Alb such as encirclement Grammos or Vitsi through Alb territory or mass pursuit guerrillas into Alb. Recently we recd categorical assurances this not contemplated.<sup>2</sup>

Grk Amb informs Dept Grk Govt views very favorably planned estab of Alban Natl Comite in exile and has prepared statement for issuance on occasion public announcement Comite's formation. Grk Govt is however concerned lest Cominform shld merely be replaced by Yugo or Italy as dominant influence Alb.

Sent Rome, rptd Athens.<sup>3</sup>

ACHESON

<sup>2</sup> Documentation on the attitude of the United States with respect to a possible Greek intervention into Albania is scheduled for publication in volume VI.

<sup>3</sup> Repeated to Athens as telegram 1295.

875.01/8-1649

*Memorandum of Conversation, by the Chief, Division of Greek, Turkish, and Iranian Affairs (Jernegan)*

SECRET

[WASHINGTON,] August 16, 1949.

Participants: Mr. Gouras, Minister-Counselor of the Greek Embassy  
Mr. John D. Jernegan, Chief, GTI

*Problem:* Whether to accept Greek suggestion for exchange of information in Paris and Rome regarding personalities involved in anticipated Albanian liberation movement.



*Action Required:* Decision as to whether the American Embassy in Paris and Rome should be instructed to exchange information on this subject with the Greek representatives in those capitals.

*Action Assigned to:* SE-Mr. Campbell. (Please note that no action seems necessary unless it is decided to take up the Greek suggestion.)

Mr. Gouras referred to the call of Ambassador Dendramis last week,<sup>1</sup> at which time the Ambassador had suggested that the Greek Embassy at Rome and Paris, especially the former, could provide very useful information regarding the activities and personalities of the Albanian leaders outside of Albania who might be connected with the anticipated establishment of a "Free Albanian" Committee. On instructions from his Government, he had suggested that it would be desirable for the American Embassy in Rome and Paris to exchange information in this regard with the Greek representatives. Mr. Gouras said that the Greek Government had taken no steps and had sent no instructions to its embassies, because it was awaiting our reaction to the idea.

I said that I had passed this suggestion along to the office of European Affairs of the Department. I had received no definite reply, but I had gathered the impression that the departmental officers concerned wished the United States representatives to keep themselves completely dissociated from any such Albanian activities and thought it preferable that they refrain even from the very non-committal step of exchanging information with the Greek representatives. I emphasized that this was not a final or formal answer to the Ambassador's suggestion and that it was always possible that at some future time we would be glad to accept the Greek offer.

Mr. Gouras said that he understood and would report to his Government. He remarked that he personally had little faith in the ability of any Albanians to organize an opposition to the present regime. On the basis of his personal knowledge of the Albanian character, he did not believe that they had sufficient sense of patriotism to run any risks in order to establish a new regime.

[JOHN D. JERNEGAN]

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<sup>1</sup>The reference here is presumably to a conversation on August 10 between Ambassador Dendramis and Henry F. Grady, Ambassador to Greece, who was then in Washington for consultation. The memorandum of that conversation is filed under 875.01/8-1049.

767.00/8-2549 : Telegram

*The Secretary of State to the Embassy in Italy*<sup>1</sup>

TOP SECRET

WASHINGTON, August 25, 1949—4 p. m.

1930. For Amb Cannon and Page.<sup>2</sup> Re letter Aug 12 to Page from Thompson.<sup>3</sup> There follows text London FonOff instr to Peake<sup>4</sup> in Belgrade which Brit Emb here has suggested we associate ourselves with:

"I suggest that, if approached, you might tell Yugo auth Free Albanian Comite has our general approval but that we do not regard it as Govt-in-exile nor does it claim to be such. You may, if you wish, mention similar Hung, Rum and other Comites which exist here (London) or in US. We merely welcome it as rallying point if Hoxha régime were to collapse and plunge Albania once more into chaos with all the attendant dangers to international peace".

Above text contained following sentence: "You should also deny that formation of Free Albanian Comite portends any active measures by us against Albanian Govt". We do not believe any such statement should be volunteered to Yugos and have so informed Brit Emb here.

It is suggested you consult with Peake with view to adopting same attitude with Yugos if queried.<sup>5</sup>

ACHESON

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<sup>1</sup> This telegram was repeated to Belgrade as 483.

<sup>2</sup> Cavendish W. Cannon, Ambassador in Yugoslavia, visited Rome briefly at the end of August, presumably to consult with officers of the Embassy there. Telegram 535, September 13, to Belgrade, not printed, indicates that Cannon was briefed on the Albanian situation while in Rome (875.00/9-1349). Edward Page, Jr. was Counselor of the Embassy in Rome.

<sup>3</sup> The letter under reference from Deputy Assistant Secretary of State for European Affairs Llewellyn E. Thompson cannot be further identified.

<sup>4</sup> Sir Charles Peake, British Ambassador in Yugoslavia.

<sup>5</sup> Circular telegram of August 26 to the Embassies in Rome, Athens, Ankara, Stockholm, and Paris and the Legation in Vienna, not printed, stated that the establishment of the Free Albania Committee would be announced that day in Paris. The chiefs of mission were authorized to inform the governments to which they were accredited that the Free Albania Committee had been formed on the initiative of anti-Communist Albanian exile leaders who hoped for the eventual restoration of freedom and independence to Albania. The mission chiefs were also authorized to indicate that the United States Government naturally was interested in the Committee's objectives which appeared to parallel those of national committees formed by exile leaders from other Eastern European countries. (875.00/8-2649)

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### *Editorial Note*

The future of the Albanian regime, the interests of Yugoslavia, Greece, and the Western powers in Albania, and the possibilities which were open to the United States in the area were questions that were considered in the Policy Planning Staff's paper P.P.S. 60, Septem-

ber 12, "Yugoslav-Moscow Controversy as Related to U.S. Foreign Policy Objectives", page 947.

875.00/9-1249

*Policy Paper Prepared by the Acting Chief, Division of Southeast European Affairs (Campbell)*<sup>1</sup>

SECRET

[WASHINGTON, September 12, 1949.]

ALBANIA

*Problem:*

To determine a course of action for the US with respect to Albania in the light of possible future developments there including internal revolt and foreign intervention.

*Discussion:*

Albania is now governed by a Communist regime, dominated by the USSR. It is being used as a base of guerrilla operations against Greece. Its relations with Yugoslavia since the Tito-Kremlin break have been very bad and are punctuated with violent propaganda exchanges and frontier incidents. Within Albania economic distress is increasing and there is widespread dissatisfaction with the regime. Some open resistance has been reported in the mountainous northern areas.

*The interest of the USSR* is to hold on to its present position in Albania. This position is important because of its strategic location at the entrance to the Adriatic. It is important also for the Soviet campaign against Greece and Soviet pressure on Yugoslavia. Although Albania is cut off physically from the rest of the Soviet bloc and would be hard to hold militarily, the Soviets would not easily abandon it since this would mean a great loss in prestige for the Soviet-Communist world.

*The interest of Yugoslavia*, in the short run, is to counteract and if possible remove the menace to Yugoslav security represented by a Soviet puppet regime on Tito's southern flank. In the long term the Tito regime undoubtedly has plans for an Albania closely associated with or incorporated by the Yugoslav Federal Republic. Tito has organized Albanian exiles who have fled to Yugoslavia, whom he is probably prepared to use at an appropriate time. The fact that Yugo-

<sup>1</sup> This paper was concurred in by Deputy Assistant Secretary of State Rusk and by Deputy Assistant Secretary of State Llewellyn E. Thompson. The paper was presumably prepared in connection with the meetings which Secretary of State Acheson expected to have with British Foreign Secretary Bevin and others incident to the convening in Washington of the North Atlantic Treaty Organization Council.



slavia has a large Albanian minority living in the districts near the frontier of Albania may give him added opportunities to exploit the situation in the future. There may be within Albania an underground pro-Tito Communist organization, but we have no adequate information on this point.

*The interest of Greece* is in the elimination of Albania as a base of guerrilla operations against Greece. Moreover, while Greece is desirous of seeing an end of Soviet domination of Albania, it does not wish to see substituted for it an Albania under Yugoslav or Italian influence. The Greeks are particularly sensitive on the Albanian question since Greece has in the past been attacked from this direction. Also, Greece has a territorial claim to southern Albania, which it formerly placed before the CFM in 1946. We do not think the claim well-grounded but have defended the right of Greece to have it considered.

*The interest of Italy* is in having Albania free from any foreign domination unfriendly to Italy. Mussolini solved this problem by establishing Italian domination, but Italy has learned this lesson and now wishes to see Albania independent as a kind of buffer between Italy and the states of Eastern Europe. Italy would not like to see established in Tirana a regime dependent on Yugoslavia or Greece.

The US, which since the war has generally acted along parallel lines with the UK in Albanian affairs, is on record as favoring a free and independent Albania with a Government representative of the Albanian people. We have had no diplomatic relations with the present regime since it refused to recognize its treaty obligations and has supported guerrilla operations against Greece. A preliminary approach from the Hoxha regime last April suggesting restoration of diplomatic relations was not followed up after we indicated that we could only consider it in connection with Albania's attitude on treaty obligations and toward Greece.

The US would like to see the present Moscow-dominated regime disappear, but the question then would be what kind of regime would take its place. Most preferable would be a Western-oriented regime such as is desired by the Albanian National Committee, a group of exiled leaders now in Rome and Paris. While it could not be expected that Albania could be governed democratically, these Western-oriented elements would be more likely to establish a system which could evolve toward a democratic government than any other elements in the Albanian picture. At present we do not have any means of assessing their popular support in the country. A pro-Tito Communist regime, which would probably be as undemocratic as the present, would be an improvement from the over-all strategic and political

point of view. If it were truly Albanian in character and not merely an appendage of Yugoslavia, probably we could accept it as being a free and independent Albanian regime.

We must assume that Tito will be prepared to act in Albania when he considers the situation ripe. At present, however, he can hardly march into Albania without risking an open conflict with the Russians and without stultifying his own case against Soviet designs on Yugoslavia, both before Communist opinion and world opinion.

If the Yugoslavs should enter Albania or bring about an overturn there, the Greeks would wish to march into Albania from the south. On the other hand, if the Greeks should march in first, Tito would be tempted to take action in the north. Such an eventuality probably would result in a struggle between the two and wreck our present attempts to bring them together in a common front against the Soviet bloc. Even if they agreed on a temporary partition of Albania, this would be a basically unstable solution and would be contrary to our declared policy of favoring an independent Albania.

*Recommendations:*

(1) That the US act in coordination with the UK and France in the Albanian situation as it develops;

(2) that the US do what it can, through diplomacy, action in the UN on the Greek case,<sup>2</sup> and economic measures to weaken the position of the present Soviet-dominated regime in Albania, and hold out no inducements to that regime;

(3) that the US and other Western powers warn Greece and Yugoslavia, if and when necessary, not to intervene in Albania;

(4) that the US and other western powers, at an appropriate time, undertake an approach to Tito with a view to sounding out his intentions toward Albania;

(5) in connection with a possible revolt in Albania, that the US, in seeking its immediate primary objective of eliminating Soviet control of Albania, take account of our traditional position in favor of Albania's right to independence and avoid unduly prejudicing the interests of Yugoslavia, Greece and Italy;

(6) that the US give moral support to pro-Western Albanian elements without making any commitments to them; and

(7) that the Greek-Albanian territorial dispute over Northern Epirus not be permitted to interfere with the primary objectives of eliminating Soviet power in Albania and re-establishing normal relations between the two countries.

[JOHN C. CAMPBELL]

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<sup>2</sup> Documentation on the consideration of the Greek problem at the Fourth Session of the United Nations General Assembly is scheduled for publication in volume VI.

760H.71/9-1349

*Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State*

[Extracts]

TOP SECRET

[WASHINGTON,] September 13, 1949.

In connection with his talk with you on Yugoslavia and Greece, Mr. Bevin will raise the subject of Albania.<sup>1</sup> . . . We have made it clear that we have taken no final decision but have merely agreed at this stage to make plans and obtain information. We have proceeded with the formation of an Albanian National Committee. . . .

On the occasion of announcing the creation of the Albanian National Committee, the British suggested that their ambassador in Belgrade, and ours if we so desired, inform Marshal Tito of this step in advance of the announcement. In view of our strong opposition, the British dropped this plan.

This and other indications lead us to believe that the British may be more disposed than we are at the present time to deal with the Yugoslav regime on a basis of trust and friendship. Tito has a large number of Albanian refugees under his control in Yugoslavia and doubtless has his own plans for action in Albania should an appropriate opportunity present itself. We believe we should be extremely careful not to get involved with Tito in any plans for Albania at this time and that we should retain complete freedom of action. While we could unquestionably stir up a serious revolution which would possibly overthrow the present Albanian regime, the consequences of such action are by no means clear and might risk involving Yugoslavia and Greece in a conflict over this question. This might result in the partition of Albania between the two countries or, in view of the greater strength of Yugoslavia, in the domination of all Albania by Yugoslavia. Either of these alternatives might be more desirable than the present situation, but we do not yet feel ready to reach such a conclusion in view of the possible repercussions and the risk of stirring up major conflict.

We favor therefore continuing with our present plans and operations carefully reviewing the situation as we go along and should discourage the British from any premature opening up of this question with the Yugoslav Government. We have recalled our Counselor in

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<sup>1</sup> British Secretary of State for Foreign Affairs Ernest Bevin was in Washington in connection with the meetings of the North Atlantic Treaty Organization Council. On September 14 Bevin met with Secretary of State Acheson and discussed a number of topics including Yugoslavia, Greece, and Albania. For the record of the discussion on Greece, see documentation on the interest of the United States in the conclusion of the Greek civil war and the solution of Greece's border problems with its northern neighbors scheduled for publication in volume VI. The record of the discussion on Yugoslavia is printed on p. 955. The record of the discussion on Albania appears *infra*.



Yugoslavia, Mr. Reams,<sup>2</sup> for consultation and will be glad to have more detailed discussions on this subject with the British representatives here.

[GEORGE W. PERKINS]

<sup>2</sup> Robert B. Reams, Counselor of the Embassy in Yugoslavia.

CFM Files, Lot M-88, Box 144, Memos Conv Formins and Sec Sep 1949

*Memorandum of Conversation, by the Secretary of State*<sup>1</sup>

[Extract]

TOP SECRET

[WASHINGTON,] September 14, 1949.

Participants: Mr. Bevin	Mr. Acheson
Ambassador Sir	Ambassador Jessup <sup>6</sup>
Oliver Franks <sup>2</sup>	Mr. McGhee <sup>7</sup>
Sir Gladwyn Jebb <sup>3</sup>	Mr. Thompson <sup>8</sup>
Sir Roger Makins <sup>4</sup>	Mr. Achilles <sup>9</sup>
Mr. Barclay <sup>5</sup>	Mr. Satterthwaite <sup>10</sup>

Subject: Conversation with Mr. Bevin on Albania

With reference to Albania, Bevin said the British had followed a policy of unrelenting hostility to the Hoxha Government. Did we think it possible to lure Hoxha along the path Tito had followed if favorable circumstances should arise? He said the British had not considered this worthwhile, but thought we were inclined to take the contrary view. I said I did not think that we did. The differences revolve around whether we should take more active steps to make trouble for Hoxha. I said we had been trying to quiet the Greeks to dissuade them from precipitating a premature crisis in Albania, and that we thought the Albanian problem should be taken up in the UN instead. If we are not too eager, so that Russia would not attempt to exact a price, the

<sup>1</sup> British Foreign Secretary Ernest Bevin was in Washington at this time in connection with the First Session of the North Atlantic Treaty Organization Council. This conversation on Albania appears to have been part of a longer meeting held in Secretary Acheson's office beginning about noon during which a number of other topics were discussed. For the record of the conversation on Yugoslavia, see p. 955.

<sup>2</sup> British Ambassador in the United States.

<sup>3</sup> British Deputy Under Secretary of State; Superintending Under Secretary, United Nations Department, British Foreign Office.

<sup>4</sup> British Deputy Under Secretary of State.

<sup>5</sup> Roderick E. Barclay, Private Secretary to Foreign Secretary Bevin.

<sup>6</sup> Philip C. Jessup, United States Ambassador at Large.

<sup>7</sup> George C. McGhee, Assistant Secretary of State for Near Eastern and African Affairs.

<sup>8</sup> Llewellyn E. Thompson, Deputy Assistant Secretary of State for European Affairs.

<sup>9</sup> Theodore C. Achilles, Director, Office of Western European Affairs.

<sup>10</sup> Livingston L. Satterthwaite, Chief, Division of British Commonwealth Affairs.

Assembly might try to arrive at a solution which would result in interning the Guerrillas or putting them under UN supervision. Bevin asked whether we would basically agree that we try to bring down the Hoxha Government when the occasion arises? I said yes, but if this were precipitated now, the Greeks and Yugoslavs might touch off serious trouble. Bevin agreed that we have to be careful or Russia will intervene. He asked what government would replace Hoxha if he is thrown out? Are there any kings around that could be put in? Mr. Thompson said a free Albanian Committee has been set up and would have a voice in the Government. Bevin was skeptical of the Free Albanian Committee as a possible future government and said he thought a person we could handle was needed. Thompson said we had taken no decision with respect to a possible future government. The situation was still too fluid. We would have to reconsider it on a day to day basis and take advantage of any opportunities which may arise. Bevin said he thought Albania should be continually studied by US and UK experts.

[For the remainder of this memorandum, which reported on the discussion of the Albanian-Greek frontier dispute and the possibility of reaching a solution to the matter in the United Nations, see documentation on the interest of the United States in the conclusion of the Greek civil war scheduled for publication in volume VI.]

[DEAN ACHESON]

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875.00/9-1549 : Telegram

*The Ambassador in Yugoslavia (Cannon) to the Secretary of State*

TOP SECRET

BELGRADE, September 15, 1949—1 p. m.

928. Department will have observed that at no time have Yugoslavs discussed Albanian situation (Deptel 535 September 13<sup>1</sup>) with me along lines of British Ambassador's conversations in August communicated to Department through British Embassy Washington.<sup>2</sup> It therefore seemed to us advantage we should not invite discussion at this stage particularly since I felt Peake's talks might be putting ideas into Yugoslav heads.

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<sup>1</sup> Not printed; it instructed Ambassador Cannon to be guided by telegram 1930, August 25, to Rome (p. 310), until further specific instructions on the situation in Albania were sent (875.00/9-1349).

<sup>2</sup> The records of conversations under reference here have not been further identified. The Embassy in Belgrade does not appear to have reported to the Department at the time regarding the conversations in August between British Ambassador Peake and Yugoslav Assistant Minister for Foreign Affairs Aleš Bebler. In his telegram 1175, November 14, from Belgrade, not printed, Ambassador Cannon did report that on August 8 Bebler had expressed anxiety to Peake regarding Greek National Army violations of the Albanian frontier and made known his hope that Britain would urge restraint on the Greeks (760H.75/11-1449).

My guarded references to Albania in general talks (e.g. Embtel 911 September 12<sup>3</sup>) have elicited only remarks showing Yugoslavs aware Soviets might stir up trouble on Albanian-Yugoslav frontier and especially they have confirmed my impression that Yugoslavia's chief anxiety hitherto has been lest Greeks go into action against Albania whether with our connivance or against our advice. That Bebler did not forget my lecture on Albania eighteen months ago (Embtel 297 March 11, 1948<sup>4</sup>) I know to be fact for he recently referred to it noting ruefully how Yugoslav position in Albania had changed since that time.

Yugoslavia's ostentatious indifference to new Albanian committee since one and only communiqué (Embtel 874 September 2<sup>5</sup>) might be suspect and Pijade's article (Embtel 919 September 14<sup>6</sup>) can be read as warning against threat to system of government in Albania as well as independence and integrity though most observers here think Yugoslav present international position too delicate to risk involvement without direct and vital provocation.

Department will recall that principal theme in Peake's talks with Bebler was latter's preoccupation with idea that Soviets might oblige Albania to invoke mutual assistance pacts. Danger of chain reaction if that system of satellite pacts should be made operative is evident and doubtless chief deterrent to Yugoslavia risking involvement in Albanian affairs unless major events from some other quarter precipitate general flare-up. Job would then be to keep Yugoslavs within bounds.

Notwithstanding denial of existence Albanian committee in Yugoslavia best available evidence indicates two such groups formed or ready quickly to be set up: one military at Pec and one civilian at

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<sup>3</sup> Not printed; it reported upon comments made by Assistant Foreign Minister Bebler to Ambassador Cannon regarding the Yugoslav-Soviet dispute and the internal Yugoslav situation (860H.00/9-1249).

<sup>4</sup> Not printed. In it Ambassador Cannon reported on a conversation held the previous day with Assistant Foreign Minister Bebler. Bebler explained that the Yugoslav Government was deeply concerned about the revival of claims to Albanian territory by the Greek Government, claims apparently made with full United States encouragement. Cannon replied by insisting that Yugoslavia well knew the real purposes of United States military aid to Greece. Cannon continued: "As for US encouragement I gave him solemn assurance that US policy did not contemplate any revision of Albanian frontiers in connection with present events in Greece" (768.75/3-1148). Telegram 123, March 18, 1948, to Belgrade, not printed, instructed that Bebler be informed that the Department of State fully endorsed the views and comments expressed by Ambassador Cannon in the March 10 conversation (768.75/3-848).

<sup>5</sup> Not printed; it reported that the emphasis of TANJUG commentary on the establishment of the Free Albania Committee was the denial of Cominform accusations that Yugoslavia had sponsored a similar Albanian exile committee or that Yugoslavia had designs on Albanian territory (875.00/9-249).

<sup>6</sup> Not printed; it reported that in a lead editorial appearing in the newspaper *Borba*, Moša Pijade, member of the Politburo of the Yugoslav Communist Party and the Party's foremost theoretician, bitterly denounced recent Cominform accusations that Yugoslavia had agreed with Greece to partition Albania (760H.75/9-1449).



Prizren. We must also assume Yugoslavs have agents throughout Albania who keep Belgrade quickly informed of all developments.

Bebler told me Albanians recently made overtures for discussions to straighten out heavy indebtedness (Embtel 837 July 4, 1948<sup>7</sup>). Since Albanian Government has no money or credit and generally is in desperate straits he wonders what purpose this gambit was designed to serve.

CANNON

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<sup>7</sup> Not printed.

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875.00/9-1949

*Memorandum of Conversation, by the Acting Chief, Division of Southeast European Affairs (Campbell)*

SECRET

[WASHINGTON,] September 19, 1949.

Participants: Messrs. Midhat Frasheri, Abas Kupi, Nuci Kotta, Said Kryeziu, Zef Pali; Mr. Llewellyn E. Thompson, EUR; Mr. Campbell, SE.

Subject: Free Albania Committee

Mr. Frasheri, acting as spokesman for the group, informed Mr. Thompson that he wished to pay his respects to the Department of State and to inform the Department of the objectives and activities of the Free Albania Committee. He stated that the five members present constituted the Executive Body, and that there was in addition a Consultative Council of ten others who were presently in Europe. In response to Mr. Thompson's question where the seat of the Committee would be located, he replied that it would be in New York and that probably it would also be represented in Washington. Mr. Frasheri said that, on the previous day, the group had been in contact with the National Committee for Free Europe in New York.

After Mr. Frasheri stated that his Committee intended to work for the liberation of Albania and hoped to maintain regular contacts with the Department of State, Mr. Thompson pointed out that the Committee would undoubtedly be in closer touch with the National Committee for Free Europe than with the Department. He informed Mr. Frasheri, that although the US does not maintain diplomatic relations with Albania, the US Government naturally was limited in what it could do in support of the activities of such a group as the Free Albania Committee. He said that Mr. Frasheri undoubtedly understood the situation and the difference between the situation of the Department, as an agency of the US Government, and that of a private organization such as the National Committee for Free Europe.

Mr. Frasheri asked whether the Department could be of service to

the Free Albania Committee by putting it in touch with appropriate persons in the UN Secretariat in order that it might get information concerning Albanian questions now before the United Nations. Mr. Thompson again explained that the Department could not undertake to assist the Committee in that way and that such requests should be properly directed to the National Committee for Free Europe. He indicated that any official American acts which appeared to denote sponsorship of the Free Albania Committee, particularly in relation to the activities of the UN, might well be exploited by other powers in a manner embarrassing to the US and damaging to the objectives of the Committee itself.

Mr. Frasheri brought up the question of the Greek Government's attitude toward the Free Albania Committee. Mr. Campbell called attention to the statement made by the Greek Prime Minister on the occasion of the announcement of the Committee's formation. Mr. Frasheri said that part of this statement was unexceptionable but that the other part raised the question of Northern Epirus in a manner which disturbed him and his colleagues. He stated that Enver Hoxha had profited by the intransigent Greek attitude on this question by posing as the defender on Albania's territorial integrity. He said that it was difficult for Albanian patriots in exile to appeal to Albanians at home against the regime without some assurance from Greece and the Western Powers that Greek claims to southern Albania would be renounced.

In closing the interview, Mr. Thompson informed the members of the Committee that the Department maintained an interest in their activities and would be glad to be kept informed of developments. In leaving, Mr. Frasheri left a mimeographed "Statement of the Free Albania Committee".

[JOHN C. CAMPBELL]

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875.00/10-1849

*Memorandum of Conversation, by the Deputy Assistant Secretary of State for European Affairs (Thompson)*

SECRET

[WASHINGTON,] October 18, 1949.

Participants: Mr. Hoyer Millar, Counselor, British Embassy <sup>1</sup>  
 Lord Jellicoe, Second Secretary, British Embassy  
 Mr. Llewellyn E. Thompson, EUR

The British Minister came in at my request. I stated that we wished to inform them of the thinking in the Department on the Albanian

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<sup>1</sup> Sir Frederick Robert Hoyer Millar was the British Minister in the United States.

question in order to be sure that there was no important difference of view between us. I handed him a copy of the attached statement and pointed out that this represented our thinking at the present time, although, of course, it was subject to change in the light of developments.

Hoyer Millar said that offhand he thought British views were completely in accord with ours but that he would be glad to check with the Foreign Office. He said the only point on which he had any question was the last paragraph with respect to Northern Epirus. While he thought the British view was the same as ours, he was not sure whether they had ever made any specific public statement on this point.

LLEWELLYN E. THOMPSON

[Attachment]

*Department of State Policy Paper on Albania*<sup>1</sup>

SECRET

[WASHINGTON,] September 21, 1949.

*I. Basic Long Range US Objective in Albania*

The establishment of an Albania which is free of foreign domination and whose government is responsive and responsible to the will of the Albanian people.

Admittedly, no Albanian regime, because of the inherent weakness of the country, can be free of foreign influence or independent of foreign support. Moreover, in the foreseeable future, representative institutions can exist in Albania only in a rudimentary form. It is in our interest, however, that foreign influence in the country should not be allowed to take the form of domination, and that it should be directed toward helping the Albanians to govern and to support themselves. We would expect that such developments would make possible good relations between Albania and Greece, Yugoslavia and Italy, respectively, and would orient Albania toward the West.

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<sup>1</sup> This paper was apparently prepared in the Office of European Affairs of the Department of State. A copy of this paper was informally forwarded on October 5 by Deputy Under Secretary of State Dean Rusk to the Office of the Secretary of Defense. In a letter of October 11 to Deputy Under Secretary Rusk, not printed, Maj. Gen. J. H. Burns of the Office of the Secretary of Defense observed that he could perceive no objection to the use of the contents of the paper in exploratory talks with the British. Burns did, however, suggest that addition of a new paragraph which appears in the source text as Section II, paragraph 6 (711.75/10-1149).

A summary of the substance of this paper was transmitted to the Embassies in London, Paris, Rome, and Athens in a circular telegram of October 21, not printed (800.00 Summaries/10-2049).



## II. *Short Range US Objectives in Albania*

(1) The weakening and eventual elimination of the Soviet-dominated Hoxha regime.

(2) Cessation of use of Albania as a base for guerrilla operations in Greece and possibly Yugoslavia.

(3) Prevention of partition of Albania by Greece and Yugoslavia.

(4) Encouragement of *rapprochement* between Belgrade and Athens.

(5) Encouragement of *rapprochement* between Belgrade and Rome.

(6) Denial to the Soviets of military rights and bases in Albania in time of peace which would facilitate the conduct of possible future Soviet military operations.

### *Suggested Present Action to Obtain Foregoing Objectives*

(1) Utilization of US, UK and French influence in Athens to prevent the Greek Army from entering Albania (except in case of a direct military aggression from Albania).

(2) Direction of present UN consideration of the Greek case toward condemnation of, and mobilization of world opinion against, the present Albanian Government in order to weaken its international position, without however going so far as to support direct enforcement action under UN auspices.

(3) Utilization of US, UK and French influence, at the proper time, in Belgrade to prevent Yugoslav military intervention in Albania.

On a recent occasion Tito informed Ambassador Cannon that it was vital to Yugoslavia that Albanian independence be respected, and that Yugoslavia's chief concern was the danger of action on the part of Greece. Cannon replied that we had given the Greeks strong advice to stay out and that the US had always stood for the independence of Albania.<sup>2</sup>

The US Embassy in Belgrade need not at the present time take any further initiative in discussing the Albanian situation with the Yugoslav authorities. If the latter should again approach US officials on the subject, the reply should be that the US naturally shares Yugoslavia's distaste for the present Hoxha regime, but believes that whatever regime replaces it should be freely determined by the Albanian people themselves and not be under the domination of any foreign power. US officials might indicate that they understand Yugoslavia's

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<sup>2</sup> The report under reference here from Ambassador Cavendish W. Cannon in Yugoslavia was transmitted in telegram 964, September 21, from Belgrade. For text, see documentation on the interest of the United States in the conclusion of the Greek civil war and the solution of the dispute between Greece, Yugoslavia, Bulgaria, and Albania scheduled for publication in volume VI.

basic interest in the future of Albania but would take a serious view of any direct Yugoslav intervention in Albania. They might state that Albanian political refugees throughout the world, in Yugoslavia as well as in Western countries, naturally have an interest in any government which will supplant the Hoxha regime and that the US believes that these refugees should play an important role in determining the future of Albania. This would of course mean that any Albanian group in Yugoslavia, should they so desire, would be quite free to cooperate with the recently formed Free Albanian Committee or any other group of Albanians organized to support the cause of Albanian independence.

Yugoslav authorities, however, should be given clearly to understand that the US would be forced to re-examine its present policy toward the Belgrade Government should that Government provoke, or be mainly instrumental in participating in, a situation in Albania which might involve grave risks of a general conflict in Southeast Europe.

(4) The US and UK Governments should maintain continuing contact with a view to controlling any action on the part of Albanian groups, particularly the Albanian National Committee, presently planning action looking forward to the overthrow of the Hoxha regime, and to having that Committee be as representative as possible.

(5) Maintenance, on appropriate occasions, of our present position in favor of respect for existing frontiers in the Balkans. With respect to the Greek claim to Northern Epirus, we would of course be willing, as we have indicated in the past, to have this claim considered by an appropriate international body at some later time. We should not permit this issue to interfere with the more important immediate objective of ending the guerrilla menace and establishing more normal relations between the two countries.

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#### *Editorial Note*

In late October 1949, American missions in Europe were informed that the Department of State considered that Albania should be prevented from augmenting its war potential in view of the threat to Greece and in order to maintain Yugoslavia's strength vis-à-vis the Soviet bloc. Pursuit of such an objective involved the prevention of shipments of goods with military potential to Albania, whether from points of origin in the West or from other Soviet satellite states. For documentation on the efforts to prevent or restrict the transit to Albania of items of security significance, see telegram 2608, October 21, to Rome, page 159.

711.75/11-1849

*Memorandum by the Joint Chiefs of Staff for the Secretary of Defense*<sup>1</sup>

SECRET

WASHINGTON, 9 November 1949.

Subject: United States Objectives in Albania.

In accordance with the request contained in your memorandum of 20 October 1949, the Joint Chiefs of Staff have formulated the following comments on the State Department policy paper on Albania which you enclosed:<sup>2</sup>

The Joint Chiefs of Staff are fully in agreement with the memorandum which was furnished the Deputy Under Secretary of State by your office on 11 October 1949, and which in fact stated a short-range United States objective in Albania. In support of this memorandum, they suggest strengthening of Section I of the policy paper by including in the basic long-range United States objective toward Albania the thought that not only should that government be responsive and responsible to the will of the Albanian people, but also it should be not unfriendly to the United States. In order for the policy paper to be consistent with this thought, a statement should also appear in Section I to the effect that the foreign influences supporting the Albanian Government should be not unfriendly to the United States. This matter is important because of United States military interests in Greece, the Free Territory of Trieste, and in the lines of communication thereto.

There have been reports to the Joint Chiefs of Staff that recent Soviet military activities in Albania are believed to include continuation of Greek guerrilla training, organization of guerrilla units for employment in Yugoslavia, establishment of military installations

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<sup>1</sup>The source text was transmitted to Deputy Under Secretary of State Rusk under cover of a brief transmittal letter of November 18, 1949, from Maj. Gen. J. H. Burns of the Office of the Secretary of Defense. In a reply to Burns dated December 28, 1949, not printed, Rusk observed that the suggestions made by the Joint Chiefs of Staff in their memorandum had been substantially incorporated into a redraft of the Department of State policy paper on Albania (the earlier draft dated September 21 is printed as an attachment to Thompson's memorandum of his conversation with British Minister Millar on October 18, p. 320) with the exception of the recommendation that American, British, and French influence be used to prevent Albanian participation in international organizations during the Hoxha regime. Rusk explained the Department's view as follows:

"It may be desirable to oppose Albanian participation in certain international organizations, particularly those of the type mentioned in the Joint Chiefs of Staff memorandum. However, since a rigid policy of exclusion might possibly complicate rather than assist efforts to achieve the objectives set forth in the paper, for political reasons it seems desirable to maintain a flexible policy on this point." (711.75/11-1849)

<sup>2</sup>Not printed.



along the Albanian coast, and the establishment of an advanced base for submarines in the Valona Bay area. The latter would be of use at this time in connection with sea-borne guerrilla operations against Greek and Yugoslav islands. In view of these reports, there is little hope for improved conditions for peace to be derived from the recent cessation of large-scale Albanian-based operations against Greece. Consequently, while the Joint Chiefs of Staff do not advocate direct enforcement action against Albania under United Nations auspices, they wholeheartedly endorse steps on the political level for the purpose of deterring the Albanian people from participating in or supporting further breaches of the peace and security of the Balkans.

The Joint Chiefs of Staff understand that the United States Government has already participated in the denial of Albanian representation on two international bodies, namely, the International Routing and Reporting Authority, and the Mediterranean Zone Board of the International Central Board for Mine-Clearance of European Waters. In continuance of this policy it is recommended that the following subparagraph be added to the section of the policy paper entitled "Suggested Present Action to Obtain Foregoing Objectives," and that the succeeding subparagraphs be appropriately renumbered:

"(1) Utilization of U.S., U.K. and French influence to prevent Albanian participation in international organizations during the Hoxha regime."

In the interest of our taking full advantage of changes in the Balkan situation, the Joint Chiefs of Staff further suggest the addition of a new subparagraph in the policy paper along the following lines:

Because of the possibility of internal dissension within Albania and in view of the extremely unstable situation throughout the Balkans generally, United States action to achieve its objective toward Albania should be kept especially flexible.

For the Joint Chiefs of Staff:

HOYT S. VANDENBERG

*Chief of Staff, United States Air Force*

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760H.75/11-1449 : Telegram

*The Chargé in Yugoslavia (Reams) to the Secretary of State*

SECRET

BELGRADE, November 14, 1949—4 p. m.

1178. Although present Albanian regime anathema Yugoslavs and Yugoslav Government still deeply interested Albania, do not believe denunciation Treaty of Friendship with Albania (Embtel 1175, No-

vember 14<sup>1</sup>) presages Yugoslav military or other direct intervention foreseeable future. However, to many in Hoxha Government aware of increasing west pressure before UN and in economic field (intel October 24 2 a. m.<sup>2</sup>) faced with growing Cominform difficulties in supplying isolated outpost and noting increased internal dissatisfaction, established from within Communist Party Albania of regime favorable to Tito may well seem preferable to west intervention, to Soviet yoke, or to civil war. Such bloodless coup Tirana undoubtedly integral part Yugoslav policy Albania but probably not for some time to come.

Although frequent Yugoslav Government insistence to western diplomats against western intervention Albania primarily Yugoslav desire avoid crisis that area now (Yugoslav fear on surface may be Greek assault southern Albania and consequent involvement Yugoslavia, but we wonder if they may not actually be more concerned activity by Western powers) it also may mean Yugoslavs wish reinforce claim basic interests Albania.

Yugoslavs have alleged the precipitate and numerous Albanian provocations against Yugoslavs to be part of Cominform strategy goad Yugoslav Government to overt action but Yugoslavs have maintained outward calm face growing Soviet desperation. With setback Yugoslavia and Greece Soviet position Albania has become increasingly tenuous and Yugoslavs stand to gain in time element alone. If Soviet support Albania weakens pro-Tito regime Albania foregone conclusion unless for reasons not apparent this Embassy we desire take effective counter-action. Given Albania Yugoslav collaboration, we can then expect Albania approach to west similar to that Yugoslav Government over past years.

Sent Department 1178, repeated Rome 124, Moscow 165. Dept pass Moscow.

REAMS

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<sup>1</sup> Not printed, but see footnote 2 to telegram 928, September 15, from Belgrade, p. 316. On November 12, the Yugoslav Ministry of Foreign Affairs delivered to the Albanian Legation in Belgrade a note denouncing the Treaty of Friendship and Mutual Aid between Yugoslavia and Albania of July 9, 1946. For an extensive extract from the Yugoslav note of November 12, see Margaret Carlyle, Editor, *Documents on International Affairs 1949-1950*, issued under the auspices of the Royal Institute of International Affairs (London, New York, Toronto: Oxford University Press, 1953), pp. 489-495.

<sup>2</sup> Not printed.

## BULGARIA

### EVENTS LEADING TO THE SEVERANCE OF DIPLOMATIC RELATIONS BETWEEN THE UNITED STATES AND BULGARIA IN 1950<sup>1</sup>

874.404/2-1249 : Telegram

*The Secretary of State to the Legation in Bulgaria*

CONFIDENTIAL

WASHINGTON, February 18, 1949—5 p. m.

52. Urtels 119 and 120, Feb 12.<sup>2</sup> You are authorized transmit note to FonOff substantially as follows:

"On instructions from my Govt, I have the honor to refer to the published indictment against 15 Protestant pastors in Bulg, who are charged with 'espionage, treason and currency operations' involving US Govt officials formerly on duty in Bulg.

"Such charges are unfounded and ludicrous. My Govt can only consider their formulation a blatant terroristic effort, in cynical disregard of the facts, designed to intimidate the small, respected Protestant religious denominations in Bulg and to discredit their sincere religious leaders.

"In the circumstances, my Govt reserves its rights under the Treaty of Peace with Bulgaria, and requests that facilities be made available for representatives of the US Leg to attend the trial."

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<sup>1</sup> For previous documentation on relations between the United States and Bulgaria, see *Foreign Relations*, 1948, vol. IV, pp. 279 ff.

<sup>2</sup> Neither printed; they transmitted excerpts from a summary of an indictment filed in a Sofia court against fifteen members of the Supreme Council of the United Protestant Churches in Bulgaria. The indictment had been published on February 11 (874.404/2-1249). An unofficial translation of the full text of the indictment was transmitted to the Department as an enclosure to despatch 28, February 12, from Sofia, not printed (874.404/2-1249). The indictment is printed in Press Department, Bulgarian Ministry of Foreign Affairs, *The Trial of the Fifteen Protestant Pastors—Spies* (Sofia: 1949), pp. 1-18.

In his telegram 116, February 11, from Sofia, not printed, Chargé (Counselor of Legation) Sidney E. O'Donoghue reported that he had that morning called on George Andreichin, Special Assistant in the Bulgarian Foreign Ministry, to express his personal disgust at the publication of the indictment against the Bulgarian Protestant pastors (874.404/2-1149). Telegram 35, February 11, to Sofia, not printed, stated that the Department of State's press officer had issued the following statement regarding the indictment:

"Similarity between fantastic accusations being made against Protestant religious leaders in Bulg and those against Cardinal Mindszenty in Hung, whose trial has so recently been concluded, strikingly emphasizes concerted nature of this continuing Commie assault on religious liberties in Eastern Eur". (874.404/2-1149)



Advise when action taken as Dept plans publish note fol delivery.<sup>3</sup> Brit state their Chargé Sofia delivered note Feb 16 to FonOff and publication intended.

ACHESON

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<sup>3</sup> In his telegram 148, February 21, from Sofia, not printed, Chargé O'Donoghue reported on the delivery of the note as follows:

"In inability to be received by ranking officials Foreign Ministry this morning note exact text Deptel 52, February 18 delivered personally at noon today to Ivanoff an assistant in protocol section. At 12:30 Ivanoff requested Courtney (Raymond F. Courtney, Second Secretary of the Legation at Sofia) by telephone to come to Ministry. When receiving him he returned note saying it had been read by political section which would not present it to Foreign Minister because 'tone and cynical wording incorrect and not accordance proper diplomatic practice'. Added Foreign Minister and other officials of Foreign Office will be ready any time discuss each question which Legation may wish refer it in a proper manner." (874.404/2-2149)

For the purposes of record the Department of State considered delivery of the note as having been accomplished. The text was released to the press on February 23; see Department of State *Bulletin*, March 6, 1949, p. 300.

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874.404/3-549: Telegram

*The Chargé in Bulgaria (O'Donoghue) to the Secretary of State*

RESTRICTED

SOFIA, March 5, 1949—noon.

184. Following comments on general atmosphere trial court 15 pastors:<sup>1</sup>

Accused seated in left front rows of audience seats, each flanked by militiamen. Throughout time in court no accused able talk to his counsel, nor more than make remarks other accused.

Court on high dais with prosecutor and assistant at same level to the court's right gives effect dominating person standing in witness box below. Court appears generally bored with proceedings, only president has papers before him. Court, usually president, occasionally questions witness or accused quietly, showing little interest in response other than getting all required facts in the record. Questions from prosecutors who look contentedly confident and scarcely more interested are also few in number and seldom asked with any show of

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<sup>1</sup> The trial of the fifteen Bulgarian Protestant pastors (see telegram 52, February 18, to Sofia, *supra*) was held in the Sofia District Court, February 25–March 8, 1949. All were found guilty of various charges of treason, espionage, and black-marketing. Four of the accused were sentenced to life imprisonment while the remainder received various lesser sentences. Reports on the progress of the trial are included in file 874.404. Substantial portions of the testimony of the accused and the statements of the prosecution are presented in *The Trial of the Fifteen Protestant Pastors—Spies* (cited in footnote 2 to telegram 52 to Sofia, p. 326).

verve or attempt browbeating. In conjunction with court, defense counsel and accused, they all seem interested in assuring that final record of trial is satisfactory according to the initial plans.

Defense counsel, consisting 18 attorneys, selected from screened lawyers of Communist cooperatives must, from their appearance, not inspire confidence in accused. They sit in sort of huddle around and in front of long table below court and to its left. Few have any papers or documents with them. They appear pay minimum attention proceedings, spending much time going out for smokes or to buffet. One noted remained buried behind large podium throughout session either asleep or disgusted. Counsel bar rarely questions accused or witnesses for either side and at no time have any of them shown any sign of having organized brief for defense. Defense questions generally of nature helpful to prosecution such as to accused "did you know that this act constituted espionage?", etc.

Accused make statements almost without interruption, appear to be well versed in what they are to say not memorized but facts clearly in mind. Most speak from notes. Many practice histrionics, others use frank and open approach, most are emotional but only few abject all give maximum effort to self-denunciatory peroration and final expression repentance, placing special emphasis on praise USSR and present regime (especially tossing bouquets state security for fine treatment) and on denunciation schemes Anglo-American imperialists.

Witnesses for prosecution numbered over 60; at least 40 not called, presumably shorten proceedings in light satisfactory evidence first called. Witnesses merely make statements, generally without much guidance. Cross-examination virtually non-existent. Most witnesses for prosecution from among persons presently in prison and testimony appears prepared. Prosecutors prompt witnesses with leading questions if they forget their story. Defense witnesses never witnesses on substance but only on character. General effect is they are only present to add form to trial.

Summary: Trial satisfies all civil procedural requirements, technically correct. General impression will be conducted stage play, all actors anxious play part well so play effective and final climax logical and according to script. Clue to fact it is not a trial in true sense lies in attitude court, selection defense counsel and their inactivity, eagerness of accused to live up to demands of required confession and lack of effort on part accused or counsel build up true defense. The primary purpose propaganda is shown column-long glorification new regime in Bulgarian press version indictment, emphasis on seeing light in statements by accused and praise for Communism and vilification Anglo-American imperialists in prosecutors summation.

O'DONOGHUE

701.4174/3-1749 : Telegram

*The Chargé in Bulgaria (O'Donoghue) to the Secretary of State*

SECRET

SOFIA, March 17, 1949—3 p. m.

225. Legtel 216, March 15.<sup>1</sup> At reception which I gave last night [Todor] Guenoff, Chief Political Section Foreign Office, and Boev, Chief Protocol, both cornered me for approximately 15 minutes to ask my views on Greenhill case. I said frankly I thought government making big mistake in declaring Greenhill *non-grata* and I thought charges made by Ziapkov completely false. I stated this connection Ziapkov's misstatements re his contacts with Beck<sup>2</sup> in 1946 absolutely without basis since Beck did not arrive here until March 1947. (This seemed to surprise them.) I added on basis such misstatement any court in US would have thrown whole thing out. I said also if Ziapkov made misstatements re Beck presumption was he also made them re Greenhill.

At Foreign Office this morning Andreitchin also raised question and I repeated my remarks as above.

I have informed British Minister of these conversations which evidence concern of certain officials over situation. Foreign Office has not yet replied British Minister's representations but he feels they have gone too far now to back down. He also feels effort may be made to force reduction of his staff here, particularly if British Government retaliates by dismissing two Bulgarians London. I know that Ganovsky, Acting Foreign Minister, expressed concern over size our own establishment and I consider if any excuse given Bulgarian Government will endeavor force us cut down.

O'DONOGHUE

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<sup>1</sup> On March 9 the Bulgarian Government declared Denis A. Greenhill, First Secretary of the British Legation in Sofia, *persona non grata*. Greenhill, together with several former and current members of the British and American missions in Sofia, had been implicated in alleged espionage activities in the testimony of Vasil Georgiev Ziapkov, representative of the United Protestant Churches and one of the major defendants in the trial of the fifteen Protestant pastors (see telegram 184, March 5, from Sofia, *supra*). The telegram under reference, not printed, reported that British Minister Paul Mason on March 14 presented a strong note to Bulgarian Acting Foreign Minister Sava Ganovsky rejecting the charges against Greenhill and warning of possible retaliation should the Bulgarian Government persist in demanding Greenhill's recall. Ganovsky was incensed by the British note and insisted on Greenhill's recall (701.4174/3-1549). Greenhill left Bulgaria in late April. At about the same time the British Government declared Bogomil Todorov, the Third Secretary of the Bulgarian Legation in London, *persona non grata*.

<sup>2</sup> Louis C. Beck, Attaché at the Legation in Sofia, one of the American officers implicated by the Ziapkov testimony (see the previous footnote). Beck was reassigned to the Embassy in Greece in May.



124.74/5-1049: Telegram

*The Minister in Bulgaria (Heath) to the Secretary of State*

CONFIDENTIAL

SOFIA, May 10, 1949—7 p. m.

387. Deptel 143, May 6.<sup>1</sup> I remarked to Assistant Foreign Minister [Evgenii] Kamenov that I regretted to find on my return to Bulgaria<sup>2</sup> a note asking Legation to reduce its staff. While tone of note was unexceptionable it was against international practice and good relations for a receiving state to attempt to prescribe size and composition of the sending state's diplomatic representation. I said I was without instructions in matter but that I could discuss with Ganovsky and if possible with Foreign Minister Kolarov,<sup>3</sup> now Acting Premier, this and related questions. While I must reject principle of this note I might state that our Government is, of course, interested in economy and had no desire to maintain a larger representation than its interest required. The size of our Government establishment and its interests had grown and diversified and our missions in all countries were accordingly larger than before the war. As regards enlargement of military staff our Government had now three defense departments each of which naturally desired its own representatives. Before war there were only War and Navy Departments.

Our Government made no restrictions on size of Bulgarian staff in Washington and many countries, particularly the Soviets had extremely large establishments in our capital.

Kamenov said he agreed that rigid numerical reciprocity should not be insisted upon, that it was not in accord with good international practice or relation. However, he thought there must be some approximation between diplomatic staffs exchanged by any two governments. French Foreign Office Ministry had refused to allow increase of Bulgarian staff in Paris and had insisted on strict numerical equality on diplomatic staffs of two countries and same proposition had been advanced in House of Lords although not adopted by British Foreign Office. He said he would agree not to press the request but hoped there would be discussions taking into account Bulgarian housing shortage and other considerations which would settle matter without difficulty.

<sup>1</sup>Telegram 353, April 28, from Sofia, not printed, transmitted the text of Bulgarian Foreign Ministry note of April 27 asking for a reduction in the size of the American Legation (124.74/4-2849). Telegram 354, April 28, from Sofia, not printed, observed that the British Legation had received a similar note, but the Soviet Embassy had not (124.74/4-2849). The telegram under reference here, not printed, asked the Legation's views and recommendations upon the note (124.74/4-2849).

<sup>2</sup>Minister Donald R. Heath resumed charge of the Legation in Sofia on April 28 following a period of consultation in the United States.

<sup>3</sup>Vasil Petkov Kolarov, member of the Politburo of the Bulgarian Communist Party, Deputy Prime Minister and Minister for Foreign Affairs. It was announced on April 15 that Kolarov had been designated Acting Prime Minister during the illness of Prime Minister Georgi Dimitrov.

I remarked there was always some changes and reduction of staff occurring and observed that Lt. Colonel Yatsevitch <sup>4</sup> (aggressive officer whom Bulgarian Government probably fear because of his long experience in the country and language qualifications) was planning to return to States at end of summer. Question of Colonel Pitchford <sup>5</sup> then arose and Kamenov stated that Government had considered declaring him *persona non grata* but refrained in order not to worsen relations and because they had mistakenly understood he was to be transferred last fall. I remarked it was desire of Air Department that he finish his time here, to which Kamenov replied that Colonel Pitchford would not be welcome in Bulgaria.

I then observed that Bulgarian Government some months ago had asked US Government to unblock Bulgarian funds at rate of \$15,000 a month plus 50,000 to purchase Bulgarian Legation in Washington. I had talked over matter in Washington and had hoped to enter into definite discussion soon after my return, but that unfortunate note asking for staff reduction had naturally held up consideration of this matter. I also remarked that Legation was having difficulty in matter of car licenses and living quarters. Also I had been shocked to find that two native employees during my absence had resigned without explanation or advance notice. I could only attribute these resignations to militia intimidation of our staff—and action which did not correspond with Bulgaria's professed desire to enjoy good relations and their assertions that human rights were protected in Bulgaria. Kamenov here attempted to argue that in case of one of these employees, her mother and brother had been exiled from Sofia and she had freely elected to go with them. I did not inform Kamenov that we knew that the employee had been warned to leave by the militia by a certain date or face consequences and that further warned not to inform Legation of departure. Nor did I mention that another employee is now under similar threat. He went on to argue that number of our Bulgarian clerks was excessive and I said three chancery translators could not be considered an excessive number.

Kamenov terminated interview by stating we could forget about the note until we had entered into discussion of these and related problems. He thought with good will solution of problems and questions arising from a reduction of staff would be found.<sup>6</sup>

HEATH

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<sup>4</sup> Lt. Col. Gratian Yatsevich, Assistant Military Attaché in the Legation at Sofia.

<sup>5</sup> Col. John C. Pitchford, Air Attaché in the Legation at Sofia.

<sup>6</sup> Acting on instructions of the Department of State, Minister Heath on May 23 informed Assistant Foreign Minister Kamenov that the Legation chancery staff would be limited to a minimum of 25 Americans—a number no greater than that of a year earlier (telegram 431, May 23, from Sofia: 124.74/5-2349).

711.74/7-149

*Department of State Policy Statement*<sup>1</sup>

SECRET

[WASHINGTON,] July 1, 1949.

## BULGARIA

## A. OBJECTIVES

The long range objectives of the US toward Bulgaria are a segment of our broad policy goals with respect to the USSR. Their realization is thus dependent upon the success of our general strategy in dealing with the Soviet Union; conversely, progress toward our Bulgarian aims will contribute to this larger purpose. Within this concept our fundamental objective toward Bulgaria is to encourage the eventual replacement of its present USSR-controlled regime by an independent, popularly based state which the US could welcome into the United Nations and which in its external relations would play a constructive role in the Balkans, conduct free foreign commercial relations, and accord to US interests equality of treatment with those of all other states.

## B. POLICIES

1. *Political*

The great obstacle to the realization of US policies toward Bulgaria lies in the absolute control of this satellite of the USSR by a picked group of Communist agents. Bulgaria is being molded as rapidly as domestic conditions permit into a replica of the USSR. This has entailed the systematic destruction of free and democratic institutions, complete mastery over the national economy, suppression of basic human freedoms, and a rigid control of the individual right to work.

Bulgaria is a police state. No open deviation is allowed contrary to the dictates of the Communist Party, which operates politically through the facade of the Fatherland Front, and in the economic and social fields through state and Party agencies. To intimidate and coerce the people, who are overwhelmingly opposed to the regime, repressive measures of the widest scope, are employed; these include deportation of urban dwellers to rural areas, denial of employment, and prison or concentration camp. Responsibility for these activities rests with the some 30,000 "hard core" Bulgarian Communists, while checking on their operations is an assigned contingent of Soviet personnel believed to number at least 3,000.

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<sup>1</sup> Department of State Policy Statements were concise documents summarizing the current United States policy toward a country or region, the relations of that country or region with the principal powers, and the issues and trends in that country or region. The Statements provided information and guidance for officers in missions abroad. The Statements were generally prepared by *ad hoc* working groups in the responsible geographic offices of the Department of State and were referred to appropriate diplomatic missions abroad for comment and criticism. The Statements were periodically revised.



There was a change in the Communist Party leadership in April 1949 with the removal of Traicho Kostov, who was not of the Moscow clique, from his second highest positions in the Party and Government.<sup>2</sup> Subsequently Premier Dimitrov departed because of mortal illness for an indefinite home leave in the USSR.<sup>3</sup> Despite the naming of Foreign Minister Kolarov as acting premier, his role is that of a figurehead, with real power centered in a small Moscow-trained group of the Politburo in which Dimitrov's brother-in-law, Vulko Chervenkov, assumes increased importance.<sup>4</sup> While the Kostov affair indicates the existence of some opposition among Bulgarian Communists, there is no evidence at this stage that "Titoism" is a significant political force in Bulgaria. The demonstration of the undisputed authority of Moscow over the local regime has strengthened the popular Bulgarian conviction that the people alone cannot cope with the present dictatorship, that the latter would have the unhesitating support of the Red Army if its supremacy were challenged from any source, and that a future war between forces grouped around the US and the Soviet Union offers the only prospect of deliverance from the present tyranny.

Within Bulgaria a formal, organized opposition does not exist. The sole remaining deterrent to the Bulgarian Government's goal of complete communism is the peasants. While the regime is pressing to collectivize the majority of land holdings within the term of the recently instituted economic Five Year Plan, passive resistance as well as technical difficulties are impeding progress toward this goal. The latent hatred of the regime has as yet been ineffective, largely because of the vigilance of state security organs. So hard is the daily

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<sup>2</sup>Traicho Dzhunev Kostov was a leading member of the Politburo of the Bulgarian Communist Party, Vice President of the Bulgarian Council of Ministers, and Chairman of the State Committee for Economic and Financial Questions. It was announced in Sofia, on April 5, that a session of the Central Committee of the Bulgarian Communist Party had been held on March 26-27 to consider Kostov's "anti-party" activities. A resolution was adopted which condemned Kostov for a number of failings including his pursuit of "an insincere and unfriendly policy with regard the Soviet Union" and toleration of "nationalistic tendencies in the government apparatus". Kostov was dismissed from the Politburo and suspended from his government positions. Later in April it was announced that Kostov had been appointed Director of the Bulgarian National Library. In June he was expelled from the Communist Party.

<sup>3</sup>The Bulgarian press announced on April 15 that Georgi Dimitrov, Secretary General of the Bulgarian Communist Party and President of the Bulgarian Council of Ministers was on leave of absence because of illness and had gone to the Soviet Union for medical attention. Dimitrov died in the Soviet Union on July 2.

<sup>4</sup>On April 23 the press announced the creation of a Bureau of the Ministerial Council consisting of Acting Prime Minister Kolarov, Deputy Prime Minister and Minister of Electrification Kimon Georgiev, Deputy Prime Minister and Minister of Agriculture Georgi Traikov, Vulko Chervenkov, Chairman of the State Committee on Science, Arts, and Culture, and Minister of Interior Anton Yugov. Georgiev was a former Prime Minister (1945-1946) and a leader of the defunct (as of February 1949) Zveno Union. Traikov was Secretary of the Agrarian Union. Chervenkov was First Secretary of the Politburo of the Communist Party and Yugov was a member of the Politburo.

struggle for existence that some observers sense a spreading public apathy. Although there are small clandestine opposition groupings in Bulgaria, the main effort toward organization is being made abroad, through the Bulgarian National Committee headed by Dr. George M. Dimitrov. The Committee includes representatives of all democratic elements in exile, of which the strongest is Dr. Dimitrov's National Agrarian Union, and maintains contacts within the country. Its purpose is the eventual liberation of Bulgaria from the Communists and the installation of a democratic regime.<sup>5</sup> The National Agrarian Union also is a component of the International Peasant Union, which includes agrarian party leaders and their followers in exile from eastern Europe.

US policies and US interests within the country have been subject to unrelenting attack. Official Bulgarian propaganda denounces our institutions and our policies. Our economic interests have suffered from discrimination and from measures of nationalization without effective compensation. American cultural and educational influence has been attacked in various ways, including prohibition of the opening of the American college at Sofia after the war and the closing of the Girls' School at Lovetch. So many impediments were put in the way of American social welfare operations, such as CARE, that these were obliged to cease. The recent arrests and fraudulent trials of Protestant ministers were obviously undertaken in order to disrupt the ties of these sects with the west, including the US, and to cast discredit on them and the US.<sup>6</sup> Our Legation at Sofia also has been the target of a series of administrative restrictions and open provocations systematically designed to hamper its operations and to seal it from contact with the public.

In the face of a continuous campaign of vilification of the US by Bulgarian officials, press, and radio, the only rebuttals to reach the Bulgarian people are the short, daily Voice of America broadcasts. These have been a mainstay for Bulgarian public morale by offering the observations of the free world upon Soviet and Bulgarian Communist activities.

US and UK efforts to induce the USSR to honor its international commitments with respect to Bulgaria have proved fruitless and, in the absence of machinery for effective implementation of the Bulgarian Peace Treaty, similar efforts to induce Bulgaria to honor its treaty obligations are making little progress. While Bulgaria has disregarded its Treaty obligations in the economic and military fields, the most flagrant violations have been the systematic denial of human

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<sup>5</sup> Regarding the activities of the Bulgarian National Committee, see the memorandum of conversation by Melbourne, March 24, p. 279.

<sup>6</sup> Regarding the trial of the Protestant pastors in Sofia in February-March 1949, see pp. 326-328.



rights and fundamental freedoms to the Bulgarian people. The US and the UK, as signatories to the Yalta Agreement,<sup>7</sup> the Armistice Convention,<sup>8</sup> and the Peace Treaty,<sup>9</sup> have constantly asserted the right of the people freely to decide their destiny. In the face of Communist acts, the US and the UK have sought to exert a restraining influence and to make their position clear by official protests, public statements, and, finally, by formal charges of violations of Article 2 of the Peace Treaty, which guarantees the enjoyment of human rights and of fundamental freedoms. These charges are being pressed by invocation of the Treaty procedures for the settlement of disputes.<sup>10</sup>

Whenever Bulgaria's application for membership has been discussed in the United Nations the US, as well as the UK, has presented the record and successfully argued that the Bulgarian Government has shown it is unwilling, despite promises, to observe the obligations expected of members of the UN.<sup>11</sup>

In the spring of 1949, on the initiative of Bolivia and Australia, a debate was held in the General Assembly of the UN upon the repression of civil liberties, particularly religious freedom, in Bulgaria and Hungary. The GA approved a Resolution expressing serious concern over the charges made against the two countries and concluding with the hope that measures taken under the Peace Treaties would be diligently prosecuted in order to ensure respect for human rights and fundamental freedoms. The Resolution also reserved this item for consideration at the next session of the GA.<sup>12</sup>

## 2. *Economic*

US-Bulgarian trade has never been important from the American viewpoint, and it is recognized that Bulgarian exports to the US are of little significance. While Bulgaria's Communist regime has consistently opposed US economic objectives, the US, on its part, continues to support the principle of east-west trade as contributing to the greatest possible expansion of peaceful trade throughout the world. However, in applying the US export licensing program to

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<sup>7</sup> The reference here is to the Declaration on Liberated Europe, included as Part V of the Report of the Crimea Conference, February 11, 1945, *Foreign Relations*, The Conferences at Malta and Yalta, 1945, pp. 971-973.

<sup>8</sup> The Armistice Agreement between the United States, the United Kingdom, and the Soviet Union and Bulgaria, signed at Moscow on October 28, 1944, Department of State Executive Agreement Series No. 437, and 58 Stat. (pt. 2) 1498. For documentation on the negotiations leading to the signing of the armistice, see *Foreign Relations*, 1944, vol. III, pp. 300 ff.

<sup>9</sup> For the text of the Treaty of Peace with Bulgaria, signed at Paris on February 10, 1947, see Department of State, *Treaties and Other International Acts Series* (TIAS) No. 1650.

<sup>10</sup> For documentation on the efforts of the United States to assure fulfillment of the human rights provisions of the Treaties of Peace with Bulgaria, Hungary, and Romania, see pp. 223 ff.

<sup>11</sup> For material on Bulgaria's application for membership in the United Nations, see vol. II, pp. 291 ff.

<sup>12</sup> For the text of the resolution under reference here, dated April 30, see p. 245.



Bulgaria, licenses have been denied for articles which might aid its war potential and that of the USSR.<sup>13</sup> Present practice is to consult our Legation at Sofia on specific commodities, and action is generally taken in accordance with the Legation's recommendations.

The US retains nearly \$3,500,000 of blocked or vested Bulgarian Government and private assets, which is greater than the amount of US claims against Bulgaria. We intend to continue to maintain controls over these funds until war claims are satisfactorily met and adequate and effective compensation is assured for the expropriation or other taking of other American property. Such measures are deemed necessary to ensure that the liquidation of the small US investment in Bulgaria, which has been decided on by the Bulgarian Government, will be carried out equitably with due regard for the interests of the American owners. Despite certain difficulties, efforts are being made to seek a solution of this problem through a formal US-Bulgarian general claims settlement.

Our policy on financial assistance to Bulgaria is to refuse any government loans under present conditions and to discourage but not to oppose private loans. So far as is known, no private loans have been made.

Negotiations are in progress looking toward a satisfactory arrangement to cover the operating expenses of our Legation at Sofia. Leva accounts in the name of US and possibly other foreign nationals would be bought by the US at a mutually agreed figure. If Bulgaria agrees to this arrangement, a license would be granted releasing blocked Bulgarian Government funds here to an agreed monthly amount needed by the Bulgarian Legation.

The USSR has aimed at excluding US aircraft from eastern Europe while simultaneously seeking rights for Soviet orbit carriers to operate in the air space of other countries. Our policy has been to restrict the civil air operations of the USSR and its satellites, including Bulgaria, to their territory until the USSR grants air rights in USSR territory on a reciprocal basis to air carriers of the US and other states desiring such rights. Our policy also calls for the denial of aviation equipment and aircraft maintenance facilities to the USSR and its satellites. This Government is seeking the cooperation of other non-curtain states in implementing this policy on a common front basis. This whole policy is now being subjected to review.<sup>14</sup>

As provided for by a decision of the Council of Foreign Ministers in 1946, an international conference was held at Belgrade in August 1948 to draft a new Convention governing navigation upon the

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<sup>13</sup> For documentation on United States policy with respect to trade with the Soviet Union and Eastern Europe, see pp. 61 ff.

<sup>14</sup> For documentation on the United States civil aviation policy with respect to the Soviet Union and Eastern Europe, see pp. 184 ff.

Danube.<sup>15</sup> The Soviet bloc, including Bulgaria, outvoted the US and other western participants in approving a Convention which left the USSR in effective control of the river. The necessary instruments of ratification have been deposited and the Convention has been declared in force by the Soviet bloc. The organization of the Danube Commission within the terms of the Convention, however, has not yet been announced. The US does not recognize the validity of this Convention and has charged the USSR and its satellites with responsibility for the absence of freedom of navigation on the Danube.

### C. RELATIONS WITH OTHER COUNTRIES

Bulgaria has a foreign policy identical with that of the USSR. In this pattern all eastern European countries subservient to Moscow are bound together by treaties of alliance and commerce, they work together in the Russian sponsored Council for Mutual Economic Aid,<sup>16</sup> and they are members of the Cominform. Toward "capitalist" governments the Bulgarian regime assumes an attitude of hostility the intensity of which is dictated by Soviet instructions. The leading countries of the free world, such as the US, are the objects of virulent propaganda attack.

Yugoslavia is a special object of the Bulgarian regime's attacks, since, although a Communist country, it has been able to defy Moscow. Relations between Bulgaria and Yugoslavia have deteriorated steadily since the Tito-Cominform rift was announced in June 1948, and have recently become more grave with the resurrection of the old Macedonian issue. This involves, at present, an apparent effort by the Soviets and their Cominform allies to utilize Macedonian nationalism and deep-seated Balkan rivalry over Macedonia as means to weaken the Tito regime. Although not clearly stated by the Communists the apparent objective is to create a union of Macedonian territories now within the confines of Yugoslavia, Bulgaria, and Greece. Persistent reports have accompanied these developments in Yugoslav-Bulgarian relations to the effect that Bulgaria would be an eventual springboard for an attack upon the Tito regime in the guise of an organized "Free Macedonia" guerrilla movement.<sup>17</sup>

Undiminished aid by Bulgaria to the Greek guerrillas and its unrelenting propaganda against the Greek Government show that the greatly strained relations between the two countries, never marked by

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<sup>15</sup> For documentation on the participation of the United States in the 1948 Belgrade Conference on the Regime for Free Navigation of the Danube River, see *Foreign Relations*, 1948, vol. iv, pp. 593 ff.

<sup>16</sup> Regarding the establishment of the Council for Mutual Economic Aid in January 1949, see telegram 212, January 27, from Moscow, p. 1, and the extract from issue No. 188, February 7, of *Current Economic Developments*, p. 4.

<sup>17</sup> Documentation on the attitude of the United States with respect to the Macedonian question is scheduled for publication on volume vi.



cordiality, remain unchanged. A fresh element to exacerbate these relations has been the Communist-sponsored Free Macedonia movement, since its realization would mean an outright cession of present Greek territory. Bulgarian refugees continue to dribble across the frontier and are maintained in camps by the Greek authorities. As for Bulgaria's obligation under the Peace Treaty to arrive at an equitable settlement with Greece for the restitution of Greek property and to pay fixed reparations, the Bulgarian Government has maintained an intransigent silence. Unsuccessful attempts have been made hitherto through various channels, particularly the UN, to restore normal diplomatic relations and to conclude frontier and minority conventions between Bulgaria and Greece.

While also antagonistic to Turkey, the Bulgarian regime has shown a certain restraint in its dealings with that country. Nevertheless, sporadic incidents occur. Turkish Legation officials have been expelled from Bulgaria, and frontier guards are taken prisoner if they inadvertently stray over the border. Turkey has a policy of asylum for Bulgarian political refugees which, coupled with the derogatory comments of the Turkish press and radio upon Communism, rankles with Sofia. On its side Turkey views Bulgaria as an obvious Soviet base threatening the Straits.

#### D. POLICY EVALUATION

The actions hitherto taken by the US have not impeded the consolidation of the Bulgarian Communist regime. However, the US has helped maintain Bulgarian public morale through the Voice of America broadcasts and by a forceful and dignified condemnation of those Communist acts which stifle public liberties and which are hostile to the US and its principles. As a result, aside from its effect in Bulgaria, our policy has played its part in alerting the American people and the western world to the true intentions of Soviet directed communism.

Certain present US activities, pursued and intensified, could have effects beneficial to our aims both internationally and within Bulgaria :

1. Consideration should be given to an expansion of Voice of America broadcasts as the most effective counter to the flood of communist propaganda deluging the Bulgarian people and as our most suitable medium to support their morale.

2. The US should continue to employ all means available under the Peace Treaty and the UN Charter to publicize and if possible to secure redress for the Bulgarian regime's violations of human rights and fundamental freedoms.

3. Steady public reference to violations of other important provisions of the Peace Treaty by the Bulgarian Government with the con-



nivance of the USSR, of which the Danube Convention is illustrative, would aid in keeping the Communist regime on the defensive.

4. The licensing program for US exports to Bulgaria should be used as a flexible instrument of policy, as our strategic and political interests require; it can be made even more effective by close liaison with those countries operating under ECA.

5. Pressure should be maintained to satisfy claims by US nationals arising under the Peace Treaty and through the nationalization program of the Bulgarian Government. For this solution our control over assets of the Bulgarian regime in this country gives us an unquestioned advantage.

6. We should maintain the fullest support for the UN Special Committee on the Balkans and all efforts to oblige Bulgaria to desist from supporting the Greek guerrillas.

7. Despite provocations, it is currently in our general interest and that of the Bulgarian people to maintain our Legation in Sofia. It thus can report upon weaknesses in the Communist administration of Bulgaria which may be exploited for our objectives.

8. The US should continue to oppose, in the present circumstances, Bulgaria's application for membership in the UN.

Two other problems may require US policy decisions in the near future:

1. The Macedonian question, which has now emerged through Kremlin instigation as a trouble spot of importance involving Bulgaria, Greece and Yugoslavia, should be carefully watched. The US position toward any Soviet efforts to create an "independent" Macedonia or a South Slav Federation will necessarily depend upon the circumstances and scope of such endeavors, and should take account of our interest in the integrity of Greece and in widening the breach between Yugoslavia and the USSR.

2. The US maintains friendly contact, on an unofficial basis, with the Bulgarian National Committee and the International Peasant Union. In pursuance of its political objectives, the US may have occasion to reconsider its attitude toward these organizations if our relations with the Bulgarian Government further deteriorate or if the exile agencies succeed in organizing an effective opposition among the Bulgarian people.

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124.743/8-149 : Telegram

*The Minister in Bulgaria (Heath) to the Secretary of State*

TOP SECRET

SOFIA, August 1, 1949—2 p. m.

642. Ivan Secoulov, former Secretary Regency Council of Bulgaria<sup>1</sup> and then translator this Legation until May 12 when Bulgarian security police ordered him with threats to resign (Legtel 393 May 12 and

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<sup>1</sup> A Regency Council ruled Bulgaria in the name of child-King Simeon from August 1943 until the seizure of power by the Communist-dominated Fatherland Front in September 1944.

despatch 107 May 19<sup>2</sup>) died in Sofia prison Thursday July 28, one week after his arrest at Rila where he had obtained employment.

It is known that certificate of death, which is being kept secret by Bulgarians, states death was suicide. It is theoretically possible that he took his own life, although all means of self destruction are taken from Bulgarian arrestees. But accepting theoretical possibility of suicide, his death shortly after arrest and undoubted mistreatment nonetheless constitutes a police murder as brutal as judicial murder of Nikola Petkov<sup>3</sup> with whom he cooperated while secretary of Regency Council.

His friends and I knew Secoulov as a determined man of cool courage not of suicidal tendency. Aside from technical services as translator, his calm judgment of events was of great value to this legation in its estimate of situation. He had accepted employment here in full knowledge of personal risk involved hoping that he might thus serve cause of free and decent Bulgaria. He is another martyr of the insane Communist tyranny in its war against human freedom and specifically against US as liberty's most powerful defender. He is presumably second victim on Legation staff, the first being Joseph Dimitroff who was tried for treason on absolutely baseless charges. Dimitroff's appeal from death sentence was rejected and according Legation's information he has been executed (Legtel 471 June 9<sup>4</sup>).

Information re Secoulov death absolutely authentic coming from his brother one of whom, undergoing several years imprisonment in Sofia prison, was called in to identify body and sign death certificate alleging suicide. A second brother was notified, in his place of exile in provinces, and allowed to attend internment in suicide corner Sofia cemetery. A third brother is in concentration camp.

For moment news death should be withheld.

It is my belief that this latest incident should at appropriate time be given fullest possible publicity, however, both to enlighten American public opinion, and in justice to this faithful employee. As to manner and form publicity should take, will submit recommendations later.

HEATH

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<sup>2</sup> Neither printed.

<sup>3</sup> Nikola Petkov, leader of the Bulgarian Agrarian Union and principal political opponent of the Communist-dominated regime, was tried and convicted in August 1947 of anti-state activity. He was executed in September 1947. For documentation on the arrest, trial, and execution of Petkov, see *Foreign Relations*, 1947, vol. iv, index entry under Petkov, Nikola."

<sup>4</sup> Not printed. Joseph Dimitrov (Dimitroff) was a former employee of the American Military Mission in Bulgaria which was disbanded in September 1947. In 1948 Dimitrov and Dragan Peev, another former employee of the Mission, were arrested, and on August 7, 1948, condemned to death following a secret trial to which the American Legation was not allowed to send an observer. It is not clear whether this sentence was actually carried out.

124.743/8-549 : Telegram

*The Minister in Bulgaria (Heath) to the Secretary of State*

TOP SECRET

SOFIA, August 5, 1949—2 p. m.

658. Reference Legtel 642, August 1.<sup>1</sup> Through grapevine Secoulov's death has become fairly widely known in Sofia. Now known that he did not die on July 28 but on July 24, just three days after arrest.

Preliminary step, acting counselor yesterday made inquiry of Bulgarian Chief of Protocol who agreed after some demur, Foreign Office might investigate "rumors" Secoulov's death. I am of opinion, however, we should delay official protest and publicity while we explore possibility of saving other employees.

In negotiations for reciprocal deblocking of funds and treatment of Legation personnel we have been leading up to request that Michael Shipkov, Legation's senior Bulgarian employee, and his family be allowed to leave Bulgaria. His loyal services and judgment have been of utmost value. Secoulov's sudden death after his arrest must be highly unwelcome to Foreign Office and Bulgarian Government. They may have succeeded in extorting a confession from him in the three days of his arrest but it seems most probable that they intended him to testify in a publicized political trial involving opposition political figures now under arrest or in internal exile, under surveillance, in Bulgaria. The testimony of a dead man would be of poor internal propaganda value. Publicity of Secoulov's death under more than suspicious circumstances would embarrass Bulgarian claims that they respect human rights clauses of peace treaty and are eligible for entrance into UN.

It seems possible that in return for agreement, presumably tacit, that we would not make publicized protest over Bulgarians' doing away with Secoulov, Bulgarians might permit Shipkovs to leave. The advantage of having a man of Shipkov's character, courage and intelligence in Bulgarian refugee organization or continuing in some US Government employment outside would be worth our making such concession.

If however Bulgarians decline to let Shipkovs leave, then I think we must make thoroughly publicized protest. It would then be only a short time until security police jailed or killed Shipkov and only way we could save him and family, since no underground railway has yet been perfected, would be to offer them asylum my official residence. There need be no open grant of asylum; I could simply inform Foreign Office that I was using couple, who are both on Legation's roster, as major-domo and housekeeper. They of course could never leave premises.

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<sup>1</sup> *Supra.*



If it came to the point Foreign Office might react violently even if I maintained that they were merely domestic employees and such action, if coupled with publicity of Secoulov's death, might be followed by new restrictions on this Legation (inevitable in any case) or even my being declared *persona non grata*, although I find it difficult to believe Soviets would permit Bulgarians to go so far at this time. I am fully aware of Department's traditional attitude on political asylum but suggest that time may have come to revise our policy, at least in satellite countries where by treaty we have certain responsibility for human and political rights. We have, in fact, made one exception to our policy giving refuge in 1946 to G. M. Dimitrov whom Barnes was later able to get out of Bulgaria to the good, I believe, of cause of eventual liberation of this country.<sup>2</sup>

Further if government refuses to allow Shipkovs leave Bulgaria, there arises question of form and publicity to be given to protest over police murder of Secoulov. My present feeling is that I should then insist on interview with Kolarov, point out that despite Foreign Office assurances that Legation was free to employ Bulgarians and that it not be subjected to persecution by secret police, that nevertheless secret police had arrested and baselessly condemned to death two employees (Peev and Dimitrov, Legtel 1369 of November 2, 1948<sup>3</sup>); thereafter they had forced other employees by threats to resign—that we had absolute proof of militia threats against Secoulov whose resignation I had not accepted but merely placed on leave without pay; that such actions were in flagrant violation of civilized practice, of treaty and of assurances of Foreign Office and accordingly my government must reserve full liberty of action in circumstances. My idea would be to leave *aide-mémoire* of my observations and this *aide-mémoire* should be given full publicity in American press and VOA.

It would be appreciated if Department would let me have at earliest date its observations and instructions re foregoing suggestions for action in this situation. If we do not take some effective action, we may be certain that Bulgarian persecution and restrictions on this and other Legations will proceed *accelerando*. At present time Bulgaria has recently declared one officer western Legation *persona non grata* while

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<sup>2</sup> The reference here is to the extension of refuge at the United States Mission in Bulgaria in 1945 by Maynard Barnes, then United States Representative in Bulgaria, to Georgi Dimitrov, Secretary of the Bulgarian Agrarian Union and chief opponent of the Communist-dominated regime. Dimitrov eventually escaped from Bulgaria in September 1945. For documentation on the Dimitrov case, see *Foreign Relations*, 1945, vol. iv, pp. 140-314, *passim*.

<sup>3</sup> Not printed; regarding Peev and Dimitrov, see footnote 4 to telegram 642, August 1, from Sofia, p. 340.

declining give reasons. His Minister is debating this action but with scant hopes success.

HEATH

124.743/8-549 : Telegram

*The Secretary of State to the Legation in Bulgaria*

TOP SECRET

WASHINGTON, August 10, 1949—7 p. m.

282. Considerations you have advanced re Shipkov have recd Dept's careful attention (ur 658 Aug 5<sup>1</sup>). In examining alternative solutions Dept has felt parallel cannot be drawn between present Shipkov problem and sanctuary granted agrarian leader G. M. Dimitrov in 1945 since latter clear case polit asylum while current instance finds Dept seeking means to save life loyal alien administrative employee having no polit party affiliations.

Any effort now to link Shipkov departure to negots for reciprocal deblocking of funds might well overweight our expectations from such agreement, especially in light concrete requests for equitable housing and staffing arrangements. You are, of course, best position judge magnitude and variety concessions obtainable through deblocking agreement. Dept inclined to think, however, Shipkov case currently not easily linked to it following death Secoulov which may induce Bulgos to regard departure request as polit question.

Dept understands Shipkov had ways and means previously available for his departure from country but unwilling to leave family behind. In light current developments has Shipkov revised his thinking? If so, wife might not be molested. Her employment as ur housekeeper, while not guarantee of her safety, might provide sufficient time and opportunity to permit her eventual departure with daughter.

Alternatively Shipkov's departure cld be broached directly to FonOff linking it at first stage with passing ref to reports re Secoulov. Subsequently idea cld be extended that if Shipkovs granted departure permits US wld not press Secoulov affair. However, for obvious reasons US unable to make flat pledge not to mention it publicly under any circumstances. If you think helpful, you might add Shipkov being transferred in routine assignment.

Proposal both Shipkovs be ur domestics may be reexamined following receipt ur comment upon foregoing. Dept not inclined approve such step which, as you indicate, almost certainly wld lead to further

<sup>1</sup> *Supra.*

difficulties with Bulg Govt, possible violent incidents, and additional restrictions on Leg.

ACHESON

124.743/8-2349 : Telegram

*The Minister in Bulgaria (Heath) to the Secretary of State*

TOP SECRET

SOFIA, August 23, 1949—8 p. m.

705. I delayed answering Department's 282, August 10<sup>1</sup> until I could broach question exit visas for Shipkovs to Assistant Foreign Minister Kamenov who saw me at 12:30 August 20 (penultimate paragraph Legtel 700, August 22<sup>2</sup>).

I mentioned rumors death of Legation Bulgarian employee Secoulov<sup>3</sup> and refusal Chief of Protocol Foreign Office to admit Legation request for investigation these rumors. Kamenov seemed shocked and said he would look into it immediately.

I then discussed in general way pending negotiations for mutual limited deblocking of funds, pointed out advantages to Bulgarian Government would be greater than to Legation and finally asked as a personal favor that exit visas for temporary trip Switzerland for medical treatment be given Shipkov and family. Kamenov inquired what guarantee could be given they would return Bulgaria to which I replied I could give no assurances but I was only asking for a temporary visa. Kamenov, while arguing that Bulgaria had legal right to all funds now blocked in States, did not contest statement that agreement would probably benefit Bulgaria more than US and indicated he would give consideration to request for Shipkovs.

Interview terminated 1:30 p. m. and 50 minutes later, Shipkov picked up by militia and his 32 hour interrogation began.

Shipkov's statement transmitted my numbered telegram 702, August 23<sup>4</sup> only partially covers "confession" of utterly imaginary guilt and recitals of events which never occurred and which his interrogators forcibly suggested to him. According to his latter account, of

<sup>1</sup> *Supra*.

<sup>2</sup> Not printed; it commented upon the current status of negotiations with the Bulgarian Foreign Ministry regarding the possible terms of an agreement allowing the use of blocked funds for the operations of the American Legation in Sofia and the Bulgarian Legation in Washington (874.5151/8-2249).

<sup>3</sup> Regarding the death of Ivan Secoulov, see telegram 642, August 1, from Sofia, p. 339.

<sup>4</sup> Not printed. On March 4, 1950, the Department of State issued to the press a statement reviewing Shipkov's personal biography, his duties at the Legation in Sofia, the details of his detention and interrogation by Bulgarian police, his stay at the Legation, and the efforts of the Legation to secure permission for him to leave Bulgaria. The Department also made public Shipkov's sworn affidavit describing in great detail the course of his interrogation. For the text of the statement and of the affidavit, see Department of State *Bulletin*, March 13, 1950, pp. 387-396.



which a stenographic record has been taken, he found himself confirming accusations against former members of American and British military missions, former and present members of this Legation including myself, of having formed espionage and sabotage rings. His inquisitors had evidently outlined in advance the statements and accusations which they wished him to make. When he got off on the wrong track he was summarily halted with blows and forced to continue talking until what with their remarks and questions he invented or confirmed the stories that they desired.

It appears that Courtney,<sup>5</sup> who was an innocent shooting and walking companion of Shipkov on weekends, was more heavily accused than myself but much attention was paid also to getting him to make statements against Colonel Yatsevitch, also an occasional companion on walking tours.

In first 24 hours of his inquisition their only promise was that he would be given life imprisonment instead of death. Then in the last hours they suddenly brought up the proposition of his returning to spy on Legation. His own hypothesis and mine is that the militia had gotten in touch with Foreign Office and learned of my conversation with Kamenov and my warning remarks as to effect of publicity re Secoulov's death. Presumably Foreign Office advised against his detention or execution at this time.

After 32 hours Shipkov was given a glass of water, told to return to his home, then to meet militia agents at 8:30 the following evening and warned, of course, not to betray fact of his detention and interrogation. Shipkov worked all day Monday August 22 before going to meeting, typed his account leaving it in his desk with thought that if he were again arrested and held that his statement which we would find would nullify any "confession" they extorted from him. Monday evening he showed up at appointed place but though he waited for 3 hours was not met. It is known that in the case of other employees who have been forced by threats to spy on Legation personnel militia frequently failed to show up for appointments with them.

This morning he managed, although other Bulgarian employees continually made excuses to enter his office apparently under militia instructions to observe his actions, to pass his statement to Second Secretary Courtney.

At 2 today I sent for him and he gave further details of his interrogation. We and he noted that one or two militia cars were stationed not far from Legation. He finally stated that unless we insisted on his leaving or expelled him he would stay in chancery. He argued, and I think justifiably, that his conversation with us although it did

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<sup>5</sup> Raymond F. Courtney, Second Secretary in the Legation in Sofia.

not take place until after other Bulgarian employees had left would certainly be known or surmised by militia and once again in their clutches, utterly broken as he now is, he would be unable to conceal he had told us of his experiences.

Shipkov's wife and daughter at present in Varna and are not due back until September 4. He argues, and I am inclined agree, that there is a possibility that as a result of further interview with Kamenov Foreign Office might make militia agree to permit the departure of entire family or at least that of his wife and child on the understanding we would not give publicity to Secoulov's death or inquisition of Shipkov. He is willing to surrender himself to almost certain death and certain torture if we could gain permission for his wife and child to leave Bulgaria.

I have not offered Shipkov asylum in chancery. He simply has not left premises after his day's work was completed and with a record of three Bulgarian employees (Peev, Dimitroff and now Secoulov) judicially or otherwise murdered by the militia in past six months, I did not feel that I could order or bodily expel him from chancery. He is staying on third floor to which no Bulgarian and only few members of Legation have access. While militia undoubtedly know by surmise that he must be here the very few members of Legation who know of this will under no circumstances admit he is sheltered in chancery.

Even the case-hardened Bulgarian Government must appreciate seriousness of action against Shipkov following atrocious killings of three other Legation Bulgarian employees. They must know that under normal circumstances such persecution of Legation would have led to a break of relations which cannot be the desire of Bulgaria (read the Kremlin) at this juncture.

During my interview with Kamenov tomorrow I intend to press the issue of the Shipkov visas without, of course, giving evidence of any knowledge of what has occurred.

Will advise Department further following interview.<sup>6</sup>

HEATH

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<sup>6</sup> Telegram 305, August 25, to Sofia, not printed, informed Minister Heath that his action in the Shipkov case had the Department's full support (124.743/8-2349).

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124.743/8-2649: Telegram

*The Secretary of State to the Legation in Bulgaria*

TOP SECRET

NIACT

WASHINGTON, August 28, 1949—11 a. m.

308. Since it seems to Dept speed in handling Shipkov case is vital, unless your approach to Kamenov (urtels 705 Aug 23<sup>1</sup> and 718

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<sup>1</sup> *Supra.*

Aug 26<sup>2</sup>) brings immediate concrete results you are given discretionary authorization to request urgent FonOff interview preferably with FonMin. At meeting you cld indicate knowledge of police pressures against Shipkov, state this Govt views with greatest repugnance unwarranted police action against Bulg employees of Leg, and that you entertain grave concern for Shipkov's personal safety, adding info you have recd on fate Secoulov buttresses this view. Under circumstances, FonMin shld consider justified a request for exit visas for entire family. Refusal wld of course leave US no alternative to giving widespread publicity to entire subject, whereas acceptance your proposal cld be on understanding that US wld not publicize militia handling Shipkov and Secoulov cases unless other similar cases shld occur. Dept leaves to ur judgment handling of this point, knowing you appreciate absolute pledge cannot be given to maintain silence in all circumstances. You may state satisfactory settlement this case necessary to restore some degree of international comity to US-Bulg relations already strained by unfriendly Bulg attitude and actions toward US Leg. We are considering authorizing you take tougher line and hope telegraph further tomorrow. Pending further instructions you shld be guided by foregoing.

It wld be unfortunate complication if Mrs. Shipkov were taken into militia custody (ur 721 Aug 27<sup>3</sup>). Hence you may retain her soonest (with child) as housekeeper.

ACHESON

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<sup>2</sup> Not printed; it reported that Bulgarian Assistant Foreign Minister Kamenov had informed Minister Heath that the request for visas for Shipkov and his family had not yet been taken up with the newly designated Foreign Minister Vladimir Poptomov (124.743/8-2649).

<sup>3</sup> Not printed. It reported that Mrs. Shipkov had appeared at the Legation that day in a state of extreme agitation over the disappearance of her husband. Minister Heath felt it best not to inform Mrs. Shipkov of her husband's whereabouts for fear that the Bulgarian police would extract such information from her (124.743/8-2749).

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124.743/9-349 : Telegram

*The Secretary of State to the Legation in Bulgaria*

TOP SECRET      NIACT      WASHINGTON, September 5, 1949—2 p. m.

318. While delay by FonOff in receiving you appears deliberate and may be intended to test seriousness of our instruction to press this matter, Dept considers (ur 745 Sept 3<sup>1</sup>) you must be judge in timing

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<sup>1</sup> Not printed; in it Minister Heath reported that he had sought for six days to obtain an appointment with Bulgarian Assistant Foreign Minister Kamenov (124.743/9-349).



approach as mentioned Dept 308, Aug 28<sup>2</sup> and whether you shld insist on seeing Kolarov instead of FonMin.<sup>3</sup>

In evaluating Shipkov case light of present state US-Bulg relations Dept desires your views as to whether it is fundamentally (1) isolated police initiative; (2) attempt to discover limits of pressure US will countenance before evoking possibility of break in relations; or (3) incident in series calculated to lead to dipl rupture. We realize decision on (2) or (3) one which is made in Moscow rather than Sofia.

If incident is within category (1) or (2) Dept cld share hope (urtel 726 Aug 29<sup>4</sup>) Bulg Govt wld restrain overzealous militia and seek unpublicized solution. Possible that you might be able induce Bulg to grant exit visa to Shipkov, who we assume is still in chancery, or at least to obtain promise not to persecute him further. Your approach to FonOff, with affair not publicized and thus not involving all-important public "prestige" of Commie state, coupled with Bulg desire to gain something from Leva-dollar negots,<sup>5</sup> wld seem to offer at least prospect for successful conclusion immed problem.

While Dept inclined to point (2) as basic Bulg motivation and explanation for recent actions and restrictions against Leg re visas, travel, radio, implication of Leg in "spy trials", attitude on leva-dollar negots and persecution local employees, interpretation (3) above merits attn as possible explanation for same series of actions. If Sovs contemplate using Bulg for guerrilla or other armed activities against Yugo, they may feel it essential initially to eliminate US Leg and possibly other Western Legs as sources of intelligence re Sov plans. On this assumption if Shipkov case does not provide required pretext, we may be sure others will follow.

If decision has been taken to force us to point of breaking relations, we will have no choice. If on other hand plan is merely to subject Leg to series of indignities and restrict its activities to point where it cannot properly serve US interests, Dept must weigh seriously advantages and disadvantages of maintaining relations under such conditions. Ur considered views this point wld be appreciated.

ACHESON

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<sup>2</sup> *Supra*.

<sup>3</sup> As a result of reorganizations of the Bulgarian Cabinet announced on July 20 and August 7, Vasil Kolarov had become Prime Minister but had been relieved of his duties as Foreign Minister. The new Foreign Minister was Vladimir Poptomov, member of the Politburo of the Bulgarian Communist Party and editor of the newspaper *Rabotnichesko Delo*, the organ of the Party.

<sup>4</sup> Not printed.

<sup>5</sup> The reference here is to the continuing negotiations over the Bulgarian blocked assets in the United States and the American financial claims against Bulgaria.

124.743/8-3049

*Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Deputy Under Secretary of State for Administration (Peurifoy)*

TOP SECRET

[WASHINGTON,] September 7, 1949.

I share the feeling expressed in your memorandum of August 30<sup>1</sup> concerning the treatment of our local employees in Sofia and the effects which it has on the US position in Bulgaria and other satellite countries. When our employees are subjected to threats and tortures, and some of them even killed, it is a very serious situation calling into question the desirability of maintaining relations with those countries under such conditions.

We never expected our diplomatic relations with the Soviet satellite countries to be conducted on the plane of international comity and decency characterizing our normal relations with other countries; we have felt that, in spite of this situation, we had more to gain than to lose by maintaining our representation. As in our dealings with the USSR itself, we have had a continuous series of restrictions and interferences with the work of our Embassies and Legations in the satellite states. Bulgaria has been the most flagrant example, indicating that the Soviets may be using that country to test our reactions and see how much pressure we will take.

As you may have seen by our recent telegrams to Sofia, we are trying to reach an early and unpublicized settlement of the present case of persecution of a local employee by getting agreement to his departure from the country. If no agreement with the Bulgarians proves possible, we shall have to review the entire situation. We are now undertaking to weigh the advantages and disadvantages of maintaining relations with Bulgaria (and approximately the same situation exists in Rumania) in the light of the increasingly severe restrictions placed on our Mission and the indignities to our personnel. A principal factor in the picture, as you know, is the information which we get from our representatives in these countries. . . .

GEORGE W. PERKINS

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<sup>1</sup> Not printed; in his memorandum Peurifoy suggested that drastic action was required to protect American employees, even if it meant the severance of relations (124.743/8-3049).

124.743/9-849 : Telegram

*The Minister in Bulgaria (Heath) to the Secretary of State*

TOP SECRET

PRIORITY

SOFIA, September 8, 1949—7 p. m.

764. ReLegtel 754, September 7.<sup>1</sup> I opened my talk with Kamenov today with résumé of police persecution of Legation's Bulgarian em-

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<sup>1</sup> Not printed.



ployees which, with death of Secoulov, had culminated into very grave situation. I remarked on necessity of prompt amicable solution to restore some degree of comity to Bulgarian-American relations. I was about to outline disadvantages to Bulgaria of publicity on treatment of these employees and concern of government, when he interrupted by saying he had taken up case of Shipkov personally with Christosov, new Interior Minister.<sup>2</sup> Christosov had replied he had nothing in principle against granting the request. Such visas had been granted before, and it was only necessary for Shipkov to make application and Christosov thought it quite possible that exit permits would be forthcoming.

I said that in view of what had happened to other employees this Legation, could he give me any assurances with respect to Shipkov's safety. He replied that while he could not now give definite assurances, since there might be charges pending against him, he would inquire and let me know within few days whether in fact there were any charges pending against Shipkov. As regards my fears of having him go to militia to make application for passport, he thought it was unnecessary for Shipkov to make personal appearance—it was sufficient to write a request and send photographs. I thanked him for his attitude and said I thought favorable action on my personal request, which had support of my government, would contribute toward Bulgarian-American relations.

He terminated interview by asking what action US was going to take on human rights clause of treaty, now that his government had declined to take part in arbitral commission we had proposed. I said I was not informed just what action was contemplated, but was certain matter would have to be considered in next General Assembly of UN.<sup>3</sup>

I will not be sure that Shipkov will in fact receive exit visas until Kamenov advises me whether there are charges which may be presented against him. It is, of course, possible that even if Kamenov does informally promise Shipkov's safety, thwarted police may at last moment proceed to arrest latter, or even attack him as they did his brother, but that is a risk he will have to run.

As regards questions raised by Deptel 318, September 5,<sup>4</sup> I do not regard Shipkov incident as isolated police initiative. Foreign Office

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<sup>2</sup> Rusi Gospodinov Khristosov, General of the People's Militia and Assistant Minister of Interior and member of the Central Committee of the Bulgarian Communist Party was named Minister of Interior on August 6 in succession to Anton Yugov who had earlier been named Deputy Prime Minister (on July 20).

<sup>3</sup> For documentation on the efforts of the United States to assure fulfillment of the human rights articles of the treaties of peace with Bulgaria, Hungary, and Romania, see pp. 223 ff.

<sup>4</sup> *Ante*, p. 347.



must know in general and approve of campaign to force Bulgarian employees of diplomatic missions to act as spies or, in case of refusal, to force them to resign or arrest them. In this case, however, I believe Foreign Office was not consulted in advance by militia. What happened was that militia went too far and fast and bungled case. They thought they had so broken Shipkov by torture and "interrogation" that he would be a willing spy. They did not foresee his regaining enough courage to inform us of plot.

Neither do I believe his arrest was an incident in series calculated to lead to diplomatic rupture. I cannot believe that Moscow wants US to sever relations with Bulgaria at this precise time. Neither is it quite correct to say that action against Shipkov was attempt to discover limits of pressure we will countenance before invoking possibility of breaking relations. Police will go just as far in their campaign of persecution and restriction of Legation as they can without precipitating such an event. Police and Foreign Office have been encouraged in their persecution this mission by fact that we have so far not resorted to effective publicity, protest or retaliation. As regards suggested solution that Bulgarians promise not to persecute Shipkov further, such assurances would only have temporary, if any, validity. Kolarov personally promised former British Minister that Shipkov's brother could continue employment in British Legation without molestation, all of which did not prevent his being beaten to a pulp by disguised militiamen and his subsequent imprisonment in a concentration camp without trial a few months after.

Department will note that Kamenov did not raise question of whereabouts Shipkov who is remaining in Chancery. Am writing Kamenov that Shipkov had previously made application for passport and exit permit which is on file in militia.

HEATH

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124.743/10-1249 : Telegram

*The Minister in Bulgaria (Heath) to the Secretary of State*

TOP SECRET

SOFIA, October 12, 1949—11 a. m.

858. RefLegtel 856, October 11.<sup>1</sup> I saw FonMin [Poptomov] yesterday afternoon and for half an hour argued that permission for

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<sup>1</sup> In his telegram 842, October 5, from Sofia, not printed, Heath reported upon a conversation that day with Assistant Foreign Minister Kamenov regarding the Shipkov case. Kamenov informed Heath that he had, at the instruction of Foreign Minister Poptomov, taken up with Minister of Interior Khristosov the matter of the police mistreatment of Shipkov. Khristosov allegedly had ordered an investigation and punishment of those responsible. Deep regret was expressed for the action against Shipkov which was characterized as not being in accord with Bulgarian policy (124.743/10-549). In his telegram 856, October 11, from Sofia, not printed, Heath reported being informed by Kamenov the previous evening that "nothing could be done for Shipkov" (124.743/10-1149).

Shipkovs to leave Bulgaria was necessary to restore some degree of comity to American-Bulgarian relations and to avoid inevitable and most damaging publicity for Bulgaria. FonMin did not attempt to counter my arguments and stated that maltreatment of Shipkov was absolutely against policy of Government and investigation was under-way. He implied, without stating as positively as Kamenov had, that those responsible would be punished. He had recommended to Interior Minister to grant passports and exit visas but latter had insisted that there were "reasons"—not specified—against such action. I cited case of former Bulgarian officer married to Swedish woman who, 48 hours after request was made of Dimitrov<sup>2</sup> by Swedish lawyer who had defended latter at Leipzig trial,<sup>3</sup> had received passports and had left Bulgaria.

I said I attached such importance to this case that I must place it before PriMin Kolarov. FonMin said he had no objection to my taking the matter to PriMin and that FonOff would try to arrange for me to see Kolarov in next day or two.<sup>4</sup>

Our conversation was friendly in tone throughout and I am inclined to believe that as he asserted, FonMin had asked Interior Minister to let Shipkovs leave but certainly in no very insistent manner.

HEATH

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<sup>2</sup> The late Prime Minister Dimitrov.

<sup>3</sup> The 1933 trial of those accused of the bombing of the German Reichstag.

<sup>4</sup> In his telegram 868, October 13, from Sofia, Heath reported being informed by the Bulgarian Foreign Ministry that the state of Prime Minister Kolarov's health would not permit an audience (124.743/10-1349).

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124.74/10-1249 : Telegram

*The Minister in Bulgaria (Heath) to the Secretary of State*

RESTRICTED

SOFIA, October 12, 1949—5 p. m.

864. In interview with Foreign Minister [Poptomov] yesterday I referred to Bulgarian note suggesting Legation American staff be reduced to 20 including personnel of Military Attaché's office.<sup>1</sup> Foreign Minister said they did not intend to dictate size of staff nor

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<sup>1</sup> A copy of the Bulgarian Foreign Ministry *note verbale* under reference here, dated October 5, was transmitted to the Department of State as an enclosure to despatch 244, October 13, from Sofia, neither printed (124.74/10-1349). Minister Heath commented upon the note in his telegram 847, October 7, from Sofia, not printed (124.74/10-749).

advance theory that mission's staff in Washington and Sofia should be equal in size, although, he added with smile that would be simplest formula. He repeated old argument about housing shortage, food, etc., and said that government could not see necessity of such large staff in view of limited travel, cultural and commercial exchange between two countries. Foreign Office was receiving continual objections from "Bulgarians" inquiring why necessary for UK and certain other countries maintain such large staff and whether in effect these countries were trying to build up a system of "capitulations."

I laughed this off and I do not think Foreign Minister expected me to take these arguments seriously. I said a staff of 33 for chancery alone which we proposed to maintain here was a very small staff for a diplomatic mission. His figure of 20 was completely out of question. I then stated that with minimum staff of counselor, secretaries, Cultural and Commercial Attachés and guards minimum chancery staff alone must exceed 20. He did not seem inclined to dispute my explanations and only asked why it was necessary to have a second code clerk and second accountant. Assistant Foreign Minister Kamenov who was present then interrupted to say surely two Military Attachés were sufficient. I answered that already one assistant Military Attaché had left and another was scheduled to leave without replacement.

Foreign Minister made some jocular remarks to effect that vaunted American efficiency and labor productivity should enable us to do our work with less personnel. I replied in kind that administrative requirements necessitating additional personnel were not by any means unknown to Bulgarian Government. It seemed to me that Foreign Minister was not ready to come to settlement of issue at this meeting so I arranged that prior to my departure for conference at London to talk with Assistant Foreign Minister Kamenov. I think we can take it for granted that unless we get some new leverage Bulgarian Government will never agree to chancery staff of 33. On other hand, I believe that Foreign Office does not expect Legation to accept figure of 20.

Am sending today reply to Bulgarian Government re size of Legation as instructed Department's 357 October 10.<sup>2</sup>

HEATH

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<sup>2</sup>Not printed; it authorized Minister Heath to reject the principle that the Bulgarian Government could determine the size of the Legation staff and the specific figure of 20 and to recall that it already had been stated that the Legation chancery required a minimum staff of 33 (124.74/10-749). A copy of the Minister's note of reply, dated October 13, was transmitted to the Department as an enclosure to despatch 244, October 13, from Sofia, neither printed (124.74/10-749).



124.743/10-2049

*Memorandum Prepared in the Office of Eastern European Affairs,  
Department of State*<sup>1</sup>

TOP SECRET

[WASHINGTON,] October 20, 1949.

## US-BULGARIAN RELATIONS

## PROBLEM

To determine what course of action the Department should take as a result of the Bulgarian refusal to permit Michael Shipkov, local employee of the US Legation, to leave Bulgaria.

## BACKGROUND

[Here follows a review of the efforts by the Bulgarian Government to restrict the operation of the United States Legation. Particular attention is devoted to the developments in the Shipkov case (see telegram 658, August 5, from Sofia, page 341 and following).]

## DISCUSSION

In the light of the delaying tactics employed by the Bulgarian Foreign Office, it seems likely that the Shipkov case was referred to Moscow. There does not appear to be any further possibility that the Bulgarian Government will act favorably on our request to have Shipkov leave Bulgaria. Making allowances for the possible sincerity of the Bulgarian Foreign Office's protestations that the arrest of Shipkov was a mistake and against the policy of the Bulgarian Government, the unpleasant facts in the matter at this point are:

- 1) Shipkov was arrested and forced to make false confessions of espionage and sabotage activities against the Bulgarian Government, implicating fellow Bulgarian citizens and officers of the Legation;
- 2) His signed confession is in the hands of Bulgarian authorities;
- 3) The Bulgarian Government has been informed that unless Shipkov and his family were allowed to leave Bulgaria the United States Government would be forced to make public all the informa-

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<sup>1</sup>This memorandum was drafted by John C. Campbell, Officer in Charge of Balkan Affairs, Office of Eastern European Affairs, and by Charles E. Hulick, Jr., of the Office of Eastern European Affairs. On October 21 Campbell transmitted the memorandum to Assistant Secretary of State for European Affairs George W. Perkins and to Deputy Assistant Secretary of State for European Affairs Llewellyn E. Thompson, under cover of a memorandum dated October 21. In his transmittal memorandum, Campbell observed that the Department of State had to take a decision whether to consider the negotiations in the Shipkov case at an end and to publicize the affair or to continue to hope for a quietly negotiated solution to the controversy. Campbell further observed that the Office of Eastern European Affairs had refrained from recommending in positive terms any of the alternatives presented in this paper, but it was inclined to favor the third alternative—early publication of the facts in the Shipkov and preceding cases.

tion in its possession concerning this and other acts of mistreatment of its employees by the Militia; and

4) Shipkov is being given what amounts to sanctuary in the Legation at the present time.

#### *Possible Next Moves by the Bulgarian Government*

In view of the facts outlined above, it can be anticipated that the Bulgarian Government will follow one of three courses:

1) Make public Shipkov's confession, branding him as a traitor and enemy of the country, and issue a warrant for his arrest in an effort to discredit in advance any information which the US Government may make public. Such action might take place so as to be utilized in connection with the pending trial of Traicho Kostov, the former number two Communist in Bulgaria.

2) Present the US Legation in Sofia with an unpublicized diplomatic note asking that Shipkov be turned over to the Bulgarian authorities.

3) Bide its time and withhold for the moment a request for the release of Shipkov, in order to see if the US Government will make the affair public and will risk breaking relations over an issue such as this.

If the Bulgarian Government is aware that Shipkov is staying in the Legation, it has given us no indication to that effect. However, police have made a visit to Shipkov's apartment in Sofia where his wife and child are staying.

It is difficult to estimate, on the basis of information available, which course of action the Bulgarians will follow. Whichever is adopted, the fundamental considerations bearing on our own choice of a policy remain the same.

#### *Possible Courses of US Action and Issues Involved*

The following courses of action are open to the Department:

1) To allow the Bulgarian Government to take the initiative, releasing Shipkov if requested to do so, and make public his statement together with related material in the form of a formal protest *only* if he is brought to trial, imprisoned or killed.

2) In the absence of precipitate Bulgarian action, to continue to pursue the matter through diplomatic channels, awaiting an opportunity for Minister Heath to see Premier Kolarov. If still unsuccessful in obtaining consent to Shipkov's departure, the Legation might ask for a written pledge that Shipkov would not be arrested or persecuted.

3) To put out without delay a press release exposing the recent acts of the Bulgarian Government against the Legation and its personnel, including Shipkov's signed statement, and revealing his presence in the Legation; and refuse to turn him over if and when the Bulgarian authorities so demand.

The major questions of policy affecting the decision to be taken are whether the position and prestige of our Legation in Sofia (not to

mention humanitarian considerations) will permit us to accept the Bulgarian conduct in this case without a vigorous reaction at this juncture, and whether we are prepared to embark on a course which might lead us, without possibility of retreat, to a break in relations.

Apart from the primary necessity of having a listening post for the collection of intelligence information of a military, political and economic nature and the necessity of protecting residual American interests in Bulgaria, one of the major political considerations for maintaining a Legation at Sofia has been to provide a means of exerting the influence of the US Government and to serve as a symbol to the Bulgarian people of the continuing interest of the United States in their struggle to resist Soviet and Communist domination.

In view of the ever increasing restrictions placed upon the Legation, the quantity and quality of intelligence information is becoming more and more limited. Similarly, although a United States Legation has been maintained in Bulgaria since the conclusion of the peace treaty, its influence has not been sufficient to save from imprisonment, torture or death the democratic leaders who have opposed the present government, the Protestant ministers, or its own local employees such as Peev, Dimitrov and Secoulov. It has not been able to exert any influence with regard to the holding of free elections, the maintenance of freedom of the press, speech and public assembly, or the observance by the Bulgarian Government of other Peace Treaty obligations. Certainly it is open to question, in the light of these circumstances, whether the Legation in Sofia will be looked upon with respect either by the Communist authorities or by the Bulgarian people and whether it can serve as a beacon of hope and encouragement to the people irrespective of what it allows to happen to its employees and of the restrictions and indignities to which it is forced to submit.

The first course of action mentioned above, which would leave the initiative to the Bulgarians, would be predicated upon several considerations: that the persecution of local employees, a practice not confined to Bulgaria, is not in itself sufficient cause to provoke a crisis likely to lead to a break in relations; that the US Government has no right, on the basis of international law, to shield Bulgarian citizens from Bulgarian law enforcement (see the opinion of L/P on this point in the attached memorandum<sup>2</sup>); and that the national interests of the US and the advantages we gain from maintaining a Mission in Sofia cannot be jeopardized because of humanitarian considerations for individual Bulgarians even though their personal sacrifices are the result of their employment by the US Government and their loyalty to the democratic cause. Under this course of action, the Department would endeavor to persuade the Bulgarian Government that it would

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<sup>2</sup> Memorandum under reference here not attached to source text and not further identified.



be against its interests to arrest Shipkov. However, if it insisted that Shipkov must be given up, he would be released. If he were then imprisoned or killed, with or without trial, the statement which he has made available to the Legation would be published as further evidence of the US Government's charge that the Bulgarian Government has flagrantly disregarded its treaty obligations to respect human rights.

The second course of action involves a probably hopeless attempt to gain our point by further negotiation. If Minister Heath, after his return from London, is able to see Kolarov, he could renew the request for an exit permit for Shipkov, which is not likely to be granted. He could then ask for written assurances that Shipkov would not be molested further. It is not probable that the Bulgarian Government would give such assurances. If it did not, we should still have to decide whether to adopt alternatives (1) or (3) above. If it did and then violated them—and there is good reason to believe that this would happen, as it did in the case of Shipkov's brother who worked for the British Legation in Sofia—we would have an additional broken promise and to add to our public statement of Bulgarian misdeeds. On the other hand we would have failed to save Shipkov, and the Bulgarian Government would be encouraged in the belief that we would continue to put up with almost any restrictions and indignities in order to maintain official representation in Sofia.

In following this second course we would be playing out the string of negotiation to the end, in the hope that something might develop to make possible a solution that could be accepted by both sides. If the Bulgarians, knowing that we have the full story of what the Militia did to Shipkov, wished to let the matter die down and not ask the Legation to hand him over, it might be desirable to do nothing for a while. If nothing further developed, we would have at some point to decide whether to keep Shipkov in the Legation, openly giving him sanctuary, or tell him to return to his home with the consequent risk of death. In any case we probably cannot keep him hidden indefinitely (presumably his presence in the chancery attic is known only to a few American employees, as reported in Legtel 883, October 18<sup>3</sup>).

The third course of action outlined above, although involving the risk of a rupture in diplomatic relations, would place the US Government on the offensive. It would present to the world clear and strong evidence of the Bulgarian Government's cynical disregard for solemnly incurred treaty obligations with respect to human rights. At the same time it would serve as a means of ascertaining whether the Kremlin desires to have Bulgaria, and possibly the other satellite nations, break relations with the US. A decision to force the issue by publicizing the Shipkov case and refusing to give up Shipkov himself would

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<sup>3</sup> Not printed.

involve jumping the gun on the study now being made under S/P guidance with the purpose of formulating a considered policy on the entire question of maintaining diplomatic missions in Soviet satellite countries.<sup>4</sup> If we are to take this action we should do so promptly, without awaiting completion of the study, since if the Bulgarians act first—and they may act at any time<sup>5</sup>—we shall have lost much of the advantage to be gained by this course. It must be recognized, of course, that if a break in relations results, the existing sources of intelligence information within Bulgaria, even though they are becoming noticeably more restricted, would be completely cut off. This is a matter of concern to the National Military Establishment. However, even without a break in relations, it is believed that serious consideration must be given at this time to developing sources other than the official personnel stationed in Sofia for the collection of information on Bulgaria.

This course would involve giving asylum to a Bulgarian citizen who probably would be charged with serious crimes. As L/P's memorandum points out, there is no justification in international law for doing so, although it might be possible to claim diplomatic immunity for Shipkov as an employee of the US Legation. This would be a difficult position to maintain. Should we decide not to give up Shipkov, probably our justification should be based on political grounds and the extraordinary situation of our Legation in Bulgaria where the practices of the Government and its attitude toward foreign diplomatic missions do not conform to the standards of normal diplomatic relations and international comity.

#### CONCLUSIONS

There is increasing evidence that the Bulgarian Government intends to utilize every means available to intimidate and to isolate completely the US Legation and its personnel, so long as this Government indicates its unwillingness to adopt strong measures of retaliation. To date, it has brought about the death of three US local employees and it has arrested and intimidated many others. The possibility of a fourth employee being killed is imminent.

In an effort to save the life of Shipkov, the Legation has informed the Bulgarian Government that the US Government would make public the facts in its possession surrounding the death of Secoulov and the arrest and intimidation of Shipkov if the latter were not permitted to leave Bulgaria. If, following the refusal of the Bulgarian Government to accede to this request, the Department does not make public the information available to it, the Bulgarian Government will naturally conclude that we are willing to accept any amount of

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<sup>4</sup> Regarding the role of the Policy Planning Staff in the review of policy with respect to staffing problems in the missions in Eastern Europe, see the editorial note, p. 26.

<sup>5</sup> In the source text the phrase "most likely in Heath's absence" is crossed out.



intimidation and restrictions in order to maintain a Legation in Bulgaria.

While there are ample reasons for not pushing ahead with alternative (3) above if it is considered desirable to maintain our Legation in Sofia at all costs, or in any case pending a policy decision on that point as a result of the S/P study, there are on the other side obvious political reasons justifying an offensive course of action. It should enhance the prestige of the US, whereas a passive course of action could result in considerable damage to the position of the US and its reputation for good faith in the eyes of the Bulgarian people. When the full story became known, a passive attitude might well be difficult to defend before Congress and the US public, which is not likely to favor the continuance of diplomatic relations if it means sacrificing one by one the lives of all the local employees and accepting further indignities on the part of a Communist government. Course (3) above should force the Bulgarians (and the Russians) to show their cards as to whether or not they wish to proceed to a break in US-Bulgarian relations, putting the burden on them to take that step or to give our Legation better treatment. Moreover, by taking the risk of a break with Bulgaria we might indirectly bring about better treatment of our missions in other satellite states.

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124.74/11-1049 : Telegram

*The Acting Secretary of State to the Legation in Bulgaria*

RESTRICTED      PRIORITY      WASHINGTON, November 10, 1949—7 p. m.

382. Re ur 932 Nov 9.<sup>1</sup> Subj ur concurrence Dept feels time appropriate inform FonOff along fol lines orally or by note, whichever method you consider most appropriate:<sup>2</sup>

1) BulGovt has demonstrated conclusively through public and official actions desire restrict relations between US and Bulg to narrowest concept conceivable sufficient only maintain official channel communications between respective govts.

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<sup>1</sup> Not printed; it reported that Assistant Foreign Minister Kamenov had renewed the Bulgarian demand for a reduction of the personnel in the Legation (123 Colligan, William J.).

<sup>2</sup> In his telegram 947, November 15, from Sofia, not printed, Minister Heath reported that he had expressed orally to Bulgarian Assistant Foreign Minister the observations contained in the six numbered paragraphs presented here. Heath reported as follows on Kamenov's reactions:

"Kamenov demurred rather violently at the phrase 'Bulgarian Government's hostile attitude toward Legation' and also insisted that it is not desire of Bulgarian Government to restrict relations between countries and Legation to narrowest concept conceivable. He asserted that Bulgarian Government, on contrary, was anxious to develop cultural and commercial relations and he added smilingly and surprisingly, with an improved relationship between two countries 'Bulgaria would welcome development of military relations'. He would not explain what he meant by latter phrase." (124.74/11-1549)



2) Since BulGovt desires such severely restricted relationship rather than one aimed promotion increasingly broader understanding between Bulg and Amer people US Govt has desired for some time reduce Amer staff Leg to size conforming more realistically to restricted pattern.

3) US Govt unable implement planned reduction Leg staff due BulGovts hostile attitude toward Leg and its personnel and unprecedented policy Bulg FonOff refusing act over extended period time upon visa applications Amer personnel assigned Leg. Due excessive admin burden resulting directly actions BulGovt and owing uncertainty issuance Bulg visas Amer personnel Dept has had great difficulty maintaining balanced Leg staff. BulGovt not justified in complaints about situation resulting largely from own unwarranted actions.

4) As soon as BulGovt acts upon pending visa applications (Dept assumes you will not require all presently assigned personnel and will wish indicate FonOff certain of pending requests will be withdrawn) and Leg is assured its normal operations will not be hampered and future visa applications for replacement personnel will be processed promptly, US Govt will proceed implement plans for smaller staff.

5) Point out FonOff shld appreciate, no matter how large or small staff may be in order maintain proper balance, essential replacement personnel receive visas without undue delay, and reiterate re Leg note 401 Oct 13<sup>3</sup> US Govt position that specific number personnel assigned any given time matter for determination US rather than BulGovt.

6) In conclusion emphasize US Govt looks forward time when BulGovt will deem advantageous adopt broader concept basic purposes maintaining friendly relations with US.

Subj receipt ur comments and recommendations upon staffing pattern study discussed London Conf,<sup>4</sup> Depts present thinking wld indicate ultimate size ur staff will be somewhere between figures 24 and 30. While Dept considers inadvisable make commitment BulGovt re specific number personnel deemed necessary, you might let BulGovt know informally that total will be under 33.

WEBB

<sup>3</sup> Not printed, but regarding the note under reference, see footnote 2 to telegram 864, October 12, from Sofia, p. 353.

<sup>4</sup> For documentation, see pp. 27-35.

874.00B/11-1649 : Telegram

*The Minister in Bulgaria (Heath) to the Secretary of State*<sup>1</sup>

TOP SECRET

SOFIA, November 16, 1949—6 p. m.

954. The ceaseless purges which have been taking place in all ranks of Bulgarian Communist Party since fall of Traicho Kostov,<sup>2</sup> and

<sup>1</sup> The substance of this telegram was contained in a circular telegram of November 18 to various missions in Europe (800.00 Summaries/11-1849).

<sup>2</sup> Regarding the fall of Kostov, see footnote 2 to the Department of State Policy Statement on Bulgaria, July 1, p. 333. During September and October 1949 the Legation in Sofia reported frequently on the dismissal or disappearance of an increasing number of high Communist officials.

clear intimations in speeches by Chervenkov, Poptomov and other currently powerful officials that these purges will continue, has created in entire Communist structure a state not too far removed from panic. Never entirely secure in their positions or their lives, Bulgarian Communist officials in all echelons are now filled with unprecedented anxiety, fear and distrust of each other.

Though there is little doubt in my mind that a majority of Bulgarian Communists would welcome greater degree of independence from Kremlin, that many may sympathize with Traicho Kostov and have a sneaking admiration for Tito, I do not believe that even the basis of a plot has been organized. Elements of the plot, however, were there and Soviets have shrewdly taken precautionary measures to frustrate their coordination into an organized threat. But arrest of potential deviationist leaders will not, I believe, eradicate the swell of Communist resentment against Kremlin as long as Tito holds out and life here continues to be hard and insecure partly as a result of Soviet exploitation and domination. That the present wave of intra-party terrorism has by no means run its course is indicated not only by words of leaders, but by strain of violence in Bulgarian character, and in Bulgarian Communist Party in particular, which, following September 9, 1944<sup>3</sup> annihilated thousands, and perhaps tens of thousands of its "enemies" in comparison with smaller numbers disposed of by Communist parties in other satellite states. And many of those threatened by purging now were, after September 9, in a position to know only too well how thorough going a Bulgarian Communist purge can be.

Under more favorable circumstances, this feeling of personal insecurity and fear, combined with resentment of Kremlin domination, might be developed into a Titoist rebellion. Unfortunately, such a development is not likely for two reasons: One, that Tito is presently not yet in a position to concentrate on an organization to bring about such a rebellion, and two, the general belief here that Russian troops would immediately occupy country in event of a coup.

This situation, however, by no means precludes opportunities for exploiting the schism, adding to confusion and strain of government by playing on individual fears, and further shaking the not too steady structure of party. . . .

Encouragement of a Titoist development in Bulgarian Communist Party, though of great importance and necessity, can, however, in nowise replace or overshadow the most necessary and urgent task of all—the too long deferred erection of a carefully selected anti-Communist passive resistance network within Bulgaria through aid and counsel to refugee resistance organizations abroad.

Sent Department, repeated Belgrade 64.

HEATH

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<sup>3</sup> The date of the Communist seizure of power in Bulgaria.



711.74/11-2949

*The Minister in Bulgaria (Heath) to the Assistant Secretary of State  
for European Affairs (Perkins)*

OFFICIAL      INFORMAL  
PERSONAL      TOP SECRET

SOFIA, November 29, 1949.

MY DEAR MR. PERKINS: The London meeting under your good chairmanship, was a valuable and stimulating gathering. I have just received the conclusions and recommendations of the conference and with one important and a couple of minor exceptions, concur in them.

My principal exception is to the statement towards the end of page 4 that the group "unanimously endorsed" the S/P top secret paper of August 29<sup>1</sup> and its conclusions which include the assertion "We should, as *the only practical immediate expedient*, seek to achieve this objective through fostering Communist heresy among the satellite states, encouraging the emergence of non-Stalinist regimes as temporary administrations, even though they be Communist in nature."

At the meeting I took exception to this particular conclusion as phrased, in so far as Bulgaria is concerned. . . .

I will not in this letter detail my ideas regarding political resistance in Bulgaria but would refer to your letter to me of September 17 last<sup>2</sup> in which you enclosed a photo-copy of an article by Julian Amery entitled "Of Resistance". The concluding paragraph of that article has, I feel, great application to Bulgaria. It reads: "The vital need is to build up a powerful Resistance network behind the Iron Curtain and in the threatened areas. Exactly how that network should be used would be, of course, a matter of high policy. But in face of the challenge of the Russian 'cold war' we can only postpone its creation at our peril."

As regards the conclusions on East-West trade, I would suggest that, as far as Bulgaria is concerned, a third effect of trade restrictions has been to lower the quality of output and the future potential of Bulgarian industry. Not only do economic restrictions increase economic strain between Moscow and the satellites, but they contribute to continued economic distress within the satellites, thus providing a fertile field for the development of malcontents who, it may be hoped, will, in their disillusionment over the glories of Communism, turn to the West in their search for a way out.

The recommendations of the conference on East-West trade are logical and generally applicable to the satellite area. As I said in the meeting, however, they are not necessarily applicable to Bulgaria. For

<sup>1</sup>The reference here is to Policy Planning Staff Paper No. 59, "United States Policy Toward the Soviet Satellite States in Eastern Europe", not printed. For the final version of this paper as subsequently amended by the National Security Council and approved by the President, see NSC 58/2, December 8, 1949, p. 42.

<sup>2</sup>Not printed.



example, whereas it may be "impossible of attainment and also undesirable to endeavor to cut off trade between the East and the West in Europe," this does not mean that it might not be quite practicable to do so in the single case of Bulgaria. The Legation has collected figures which indicate that, with the possible exception of western Germany, there is no western European nation appreciably dependent on Bulgaria for imports not freely obtainable elsewhere, whereas Bulgaria is in many instances markedly dependent on its imports from the West. Despite restrictions, Bulgarian trade with the West still amounts to several million dollars annually, and generally in goods most important, if not vital, to the Bulgarian economy. We could, without advertisement, stop or greatly reduce Bulgarian imports of necessitous goods from the West. By doing so, we could without much loss to western states seriously damage the Bulgarian economy, work toward the various objectives discussed above, and, in addition, use Bulgaria as an excellent example for the study of the effect of complete curtailment of trade. I outlined this suggestion at the conference and in my despatch No. 248 of October 14.<sup>3</sup>

I would also comment on recommendation No. 3 on page 7 that the Voice of America should "avoid . . . too fervent and high flown moral eulogies on the boons and benefits of democracy." I fail to recall that this point was made at the conference. I don't agree with it. I think the comparative record of the democracies justifies the Voice in "plugging" its boons and benefits even more fervently than it is now doing.

With personal regards and best wishes, I am

Sincerely yours,

DONALD R. HEATH

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<sup>3</sup> The despatch under reference here is not printed. For documentation on United States policy with respect to trade with Eastern Europe and the Soviet Union, see pp. 61 ff.

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### *Editorial Note*

On November 30 the Bulgarian press published the text of the indictment against former Bulgarian Deputy Prime Minister and Bulgarian Communist Party Politburo member Traicho Kostov and nine others accused of antistate activities, treason, espionage, and sabotage. The indictment included a passage which purported to describe a meeting in late 1947 between Kostov and Minister Heath suggesting Kostov's role, through Heath, in coordinated American-Yugoslav action toward Bulgaria. In his telegram 992, November 30, from Sofia, not printed, Heath reported on the indictment and its reference to his alleged meeting with Kostov. Heath stated that he intended to seek an immediate interview with Foreign Minister Poptomov to deny the allegation and protest its publication. Heath also intended to demand

that the Bulgarian Foreign Ministry print a denial of the accusation. The Minister planned to issue his own denial to local correspondents and news agencies. Heath commented as follows regarding the alleged conversation with Kostov:

"The story is utterly impossible; I have never had any interview of any kind with Traicho Kostov and in fact have never exchanged a single word, oral or written, with him. I have never been in the building of the Council of Ministers [where the conversation was alleged to have taken place], except to call and sign the book for official holidays or birthdays, or to attend official receptions. Anything remotely resembling the statements attributed to me never were made, nor indeed could have been made by me or any member of the Legation to anyone." (874.00/11-3049)

Telegram 405, December 1, to Sofia, not printed, approved Heath's approach to the Foreign Ministry and stated that the Department had that day issued to the press a brief statement denouncing the absurdity of the references to Heath in the Kostov indictment. For the text of the Department's statement, see Department of State *Bulletin*, December 12, 1949, page 911.

Copies of the text of the indictment of Kostov were transmitted to the Department of State as enclosures to despatch 299, December 2, from Sofia, not printed (874.00/12-249). The text of the indictment is included in *The Trial of Traicho Kostov and His Group*, apparently prepared by the Press Department of the Bulgarian Foreign Ministry (Sofia: 1949), pages 5-57.

The trial of Traicho Kostov and his nine codefendants was held in Sofia from December 7 to December 14. The dramatic highlight of the trial was Kostov's denial of his guilt of espionage on behalf of the British or his participation in a Yugoslav-sponsored antigovernment conspiracy. In the course of the trial, defendant Tsonyu Tsonchev implicated Minister Heath in alleged espionage activities. The court found all the defendants guilty of the charges against them. Kostov was sentenced to death, and the other defendants were sentenced to imprisonment for various periods. Kostov was executed on December 16. The texts of the testimony, the speeches of the prosecution and the defense, the verdict, and certain additional materials appear in the volume *The Trial of Traicho Kostov and His Group* cited earlier. The trial was reported upon in the world press. The extensive reportage on the trial by the Legation in Sofia is included in file 874.00. A detailed account and analysis of the trial was transmitted to the Department of State as enclosures to despatches 317 and 319, December 23 and 30, respectively, from Sofia, neither printed (874.00/12-2349 and 874.00/12-3049). For a concise and useful account of the Kostov trial, its antecedents, and aftermath, see Robert Lee Wolff, *The Balkans in Our Time* (Cambridge, Massachusetts: Harvard University Press, 1956), pages 384-389.



874.00/12-349 : Telegram

*The Minister in Bulgaria (Heath) to the Secretary of State*

CONFIDENTIAL      NIACT

SOFIA, December 3, 1949—5 p. m.

1011. Reference Legtel 1009 December 2<sup>1</sup> and Deptel 405 December 1.<sup>2</sup> Assistant Foreign Minister Kamenov finally saw me this afternoon. Contrary to his usual friendly manner, he was extremely ill at ease. While friendly enough during our talk, when I rose to go he bade me farewell extremely stiffly and unsmilingly; evidently afraid his secretary might see or overhear him.

I made without change observations contained in my *aide-mémoire*, text of which was sent in my telegram 1009 December 2. I then asked whether I should send denial which I desired to have published by local press to him direct. He said it should go direct to press section of Foreign Office and that he would discuss with Foreign Minister whether or not Foreign Office would use its good offices to secure its publication in press. I remarked it was obviously Foreign Office's duty in case where international relations are injured by a false story to use its offices to have such stories corrected. He made no reply.

He went on to say that this was merely a statement in the indictment and that if false—I interrupted to say there could be no doubt in his mind but that it was false—that it would be corrected during trial. I said I could not be as optimistic as he; in the pastor's trial obviously false testimony was allowed to remain as in article in indictment and sentence. As a minor example a former member of Legation was accused in pastor's trial of having a conversation with one of defendants, although alleged conversation took place six months prior to former's actual arrival in Bulgaria.

Kamenov said everyone in Foreign Office had been greatly surprised re story in paper (obviously to convey too that Foreign Office was not consulted re indictment, which is probably true). He then said doubtfully that it might be possible Traicho Kostov had mistaken the identity of his caller. I said that publication of this patently false

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<sup>1</sup> Not printed. It reported that Minister Heath had been unable to secure an interview with Bulgarian Foreign Minister Poptomov and was seeking instead to meet with Assistant Foreign Minister Kamenov. Heath had prepared an *aide-mémoire* which he intended to leave with Kamenov. It protested the passage in the Kostov indictment (see the editorial note, *supra*) alleging a conversation with Heath in 1947, and it asked the Bulgarian Foreign Ministry to arrange for the publication of Heath's denial of the allegation. The *aide-mémoire* concluded with the following language previously authorized in telegram 405, December 1, to Sofia, not printed:

"I am instructed to say that my government takes serious view of Bulgarian Government's use of unwarranted and false statements concerning US official representatives in Sofia and that in these circumstances US Government cannot be expected to place faith in Bulgarian Government intentions with respect to maintenance of normal and friendly relations between two countries." (874.00/12-249)

<sup>2</sup> Not printed, but see the preceding footnote.



story had naturally caused me to wonder whether trial would not present some other surprises for members of Legation and it had even occasioned speculation as to attitude of Bulgarian Government toward my continued representation here. In response to last he said rather stiffly that this question "has not yet arisen." He attempted to soften the obvious implication of this statement by saying that people at Foreign Office had appreciated me and he felt that I had been well received there. Interview ended at this point.

I do not believe Foreign Office has intention or power to cause local press to print my denial of story. It is possible Kostov "concession" of alleged talks with me may be soft-pedaled in trial but I doubt it. During trial there may well be other false testimony directed against me and Legation and I must regard it as likely that Bulgarian Government will request my recall following trial.

I am sending denial to press section of Foreign Office with request it be printed in all Bulgarian newspapers and am issuing similar statement to local correspondents (all Bulgarians) of American papers and press agencies.

HEATH

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123 Health, Donald R. : Telegram

*The Secretary of State to the Legation in Bulgaria*

TOP SECRET

WASHINGTON, December 7, 1949—7 p. m.

414. Dept agrees that parallel between Kostov and Rajk trials is such that possibility cannot be excluded that Bulg Govt will declare you *persona non grata* subsequent to Kostov conviction. The right of any govt to declare reps of another govt *persona non grata* is well established in internatl law and we do not wish to question that right. In view, however, of action Bulg Govt in publicizing charges against you contained in Kostov indictment which it knows to be patently false, we are giving serious consideration to interrupting dipl relations with Bulg Govt rather than allow further deterioration in the low standard by which Bulg Govt is guided in conduct of its relations with us, particularly if request for your recall were based upon statements attributed to Kostov. (We assume that since your conversation with Kostov was alleged to have taken place in his office, Bulg Govt has the means available to establish falsity of his statement.) By interrupting relations we mean either withdrawal our entire mission and demand for withdrawal of entire Bulg mission in Wash or reducing both to a single officer and clerk.

Our dilemma is that to await outcome of trial and a demand of your recall wld risk confusing issue with undoubted right of Bulg Govt to demand your recall without giving any reason. On other hand, in-

tentions of Bulg Govt may be merely propaganda and trial itself may fail to substantiate ur involvement to a degree sufficient to furnish a basis for requesting ur recall. We do not ourselves wish to precipitate break in relations, but consider it necessary to endeavor to make clear to Bulg Govt, without making demands which they clearly cannot accept, seriousness with which we view their actions and probable US reaction if they push Kostov affair to point of demanding ur recall.

We are therefore considering authorizing you to present formal note to FonOff making fol points on behalf US Govt:

1. US Govt shocked at irresponsibility of Bulg Govt in publishing indictment containing allegations re US Chief of Mission which it knew to be false, or cld easily have checked since visit of US Min to Acting PriMin at his office wld certainly be matter of record.

2. This action coming on top of the difficulties which Bulg Govt has placed in the way of operations of the AmLeg in Sofia has caused US Govt to take a most serious view of the recent actions of Bulg Govt.

3. Since Bulg Govt is clearly in a position to establish the falsity of the charges made against US rep, its failure to do so can only be interpreted by US Govt as final indication that Bulg Govt does not genuinely desire maintenance of normal relations between Bulg and US in accordance with internatl practice and comity.

Dept believes if note presented to BulGovt it shld be followed up by strong oral statement to FonMin.

1. Re-emphasize that US meant what it said in final point of aforementioned note, namely that BulGovt's conduct has forced US to question value of maintaining dipl relations under existing conditions.

2. Recall that crude attempt to implicate US Min in Kostov affair, serious as it is, is not isolated disturbing incident in US-Bulg relations but culmination of long series of acts and policies which have made it virtually impossible for US to maintain dipl mission in Sofia.

3. State that unprincipled action involving US and US Min in supposed plot with Kostov, fiction from beginning to end as BulGovt well knows, goes beyond all bounds and represents last straw in accumulation of unfriendly acts; US Govt has accordingly instructed you to inform BulGovt that US cannot allow matters develop further without telling BulGovt where US stands.

4. Inform FonMin that if the present attitude of BulGovt toward the conduct of relations with US Govt is maintained, US will recall you and ur staff and demand withdrawal of Bulg Reps in Wash.

5. Recall that in presenting letters of credence to Kolarov in 1947 you mentioned US desire for friendly relations with BulGovt and ur desire foster friendly relations between Amer and Bulg peoples; this US and its reps in Sofia have constantly endeavored to do despite obstacles put in way by BulGovt, and latter bears full responsibility for lamentable state to which relations between two countries have been reduced.

In reaching a decision on this question Dept believes fol considerations are relevant. Whether approach outlined above results in Bulg



reversal of attitude or leads to interruption in relations or withdrawal of whole Leg staff except possibly one officer in caretaker status, fol advantages might ensue:

1. Kremlin and other Satellite Govts wld recognize there is limit to restrictions and indignities to which US Govt willing submit. As consequence our Missions in other satellite countries may receive better treatment at least temporarily.

2. Vigorous US reaction to provocation by Bulg may have deterrent effect in Sov calculations re Yugo and cause them to reassess our intentions supporting Yugo against Sov pressures and aggression.

3. We might have more certain indication of how far Sovs wish to push us in entire satellite area.

Bulgaria is least valuable guinea pig in which US can afford sacrifice official representation since we are now getting very little intelligence from there and it is least difficult to cover for intelligence purposes from periphery.

On negative side Dept recognizes possibility this may set precedent for forcing eventual withdrawal US Missions from all Eastern European countries. On balance, however, Dept inclined feel Moscow not yet ready take responsibility for such a move.

A complete break in relations wld doubtless come as a shock to Amer public, wld necessitate our requesting another Govt to undertake the responsibility of representing US in Bulg, and wld have serious consequences for our alien staff in Sofia. On the other hand, restricting our activity virtually to zero without a dipl break might not be effective with Bulg or other Satellite Govts.

Before sending you instrs Dept desires ur comments and those of other Missions to which this tel rptd on proposal and points suggested for inclusion. (Sent Sofia, rptd Moscow, Warsaw, Praha, Belgrade, Budapest, Bucharest.)

View urgency time factor ur immed comments requested.<sup>1</sup>

ACHESON

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<sup>1</sup> This message evoked a variety of responses from the missions in Eastern Europe. The Embassies in Belgrade and Warsaw endorsed the procedure set forth here (telegram 1631, December 10, from Warsaw: 123 Heath, Donald R. and telegram 1270, December 10, from Belgrade: 874.00/12-1049). The Legation in Romania had doubts both as to the method and the timing of the procedure set forth here. The Legation suggested that current measures be confined to an oral approach in order to allow Bulgaria to have an opportunity to reconsider its attitude and to allow the United States to preserve its freedom of action (telegram 824, December 11, from Bucharest: 124.74/12-1149). The Embassy in Czechoslovakia recommended that some American initiative was urgently required in order to reverse the quickening process of creeping paralysis in United States diplomatic activity in all the Eastern European countries (telegram 1827, December 8, from Praha: 874.00/12-849). The Legation in Hungary opposed any empty gesture and believed that only a complete break in relations with Bulgaria would suffice. The Legation doubted that any American action would cause the Hungarian Government to alter its current attitude (874.00/12-849). See also telegram 3063, December 9, from Moscow, *infra*, and telegram 1044, December 9, from Sofia, p. 371.



874.00/12-949 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

TOP SECRET

PRIORITY

Moscow, December 9, 1949—3 p. m.

3063. I cannot disassociate situation in Bulgaria in regard to Kostov trial, with our Minister implicated by name in the indictment, from relationship with Kremlin policy nor fail to see parallel with situation precipitated in Budapest earlier this year; and the probabilities all point to similar results insofar as our mission chief is concerned. We feel it must be accepted as fact that Politburo is giving full support to Bulgarians and has aided and counseled the various steps taken to date against our mission at Sofia. Soviet orbit system is now committed to stand publicly taken. Therefore we conclude it is too late to expect any recantation or that Heath will be exonerated by judicial processes currently in vogue. It appears inevitable our Minister will be declared *persona non grata* at some stage and as Department points out, though not necessarily for reasons other than exercise of an established right, most probably for propaganda purposes in this instance, some slanderous charge would be levelled.

We are thus faced with several problems stemming from this particular incident. The immediate and short-range question is how to counter what is public affront to our Minister and an aspersion on our diplomatic deportment in Bulgaria. Any counteraction should, if possible, be speedy and should be sharp rejoinder on about same scale of importance as blow we anticipate. Based solely on special circumstances existing in Sofia we would favor seizing initiative and demanding immediate recall of Bulgarian Minister Washington on *persona non grata* basis with derogatory remarks about his conduct, attitude or otherwise as may seem suitable but given wide publicity and sustained public interest aiming remarks at whole area of satellite governments' comportment against foreign diplomatic missions in general as well as our own in particular. We feel by this [*thus*] isolating issue to the persons of the two Ministers it will narrow the field of riposte and by acting first in ejecting Bulgaria from Washington we forestall Soviet attempts to force our hand on larger issues.

We assume reaction would be request removal Heath. However should Bulgarians (read Soviets) counter by further step towards breach relations or make breach themselves, as is of course possible, we think we would have accomplished objective of putting onus on them as desired and would also incidentally have made resumption relations later date, should such resumption become advisable, considerably easier.

We estimate Politburo would welcome our decision to sever diplomatic relations with Bulgaria at this time as evidence guilt, plotting

for war, subversive activities and whole gamut hostile propaganda charges. We note with care all you say concerning effect of breaking off diplomatic relations with that nation and some are very cogent. Nevertheless we ask who gains most on balance and on long-term (Soviet, ourselves) from such action and it seems to us here the edge is in favor of the Politburo. We cite precedent for inducing similar withdrawal in Rumania or Hungary; effect in UN regarding election members our choice such as Italy; repercussions in relation Greek problem and UNSCOB membership; loss of listening post and comparison our situation in Albania. Further we view such action as more negative than positive in broadest sense noting that once our mission is withdrawn its resumption would be awkward and probably delayed a long time. Finally we consider that if the Politburo would appear to gain from such an act on our part that is probably the best reason for not doing it.

We are not impressed by thought such action would reenforce Tito or give pause to Kremlin in their policy against him. It seems to us there are better and more direct means that could be employed in that matter.

However in the event other considerations prevail and decision is taken to sever relations we are strongly of opinion such rupture should be complete and all-embracing. We are decidedly against half-way measures. That the Kremlin would be initially surprised by our decision we do not doubt but it nevertheless seems on balance they would be glad to have us out of Bulgaria and would make great propaganda from the event.

In line above thinking we would recommend note and accompanying oral statement envisaged Deptel 895, December 7<sup>1</sup> not be delivered but substance points 1, 2 of note and paragraph 2 (omitting last phrase) and 3 (omitting phrase after US Government, etc.) of oral statement be emphasized in public announcement of request for recall Bulgarian Minister Washington. Seems to us presentation note and oral statement would give impression preliminary skirmishing and in carrying overtone hesitancy would tend detract from determination initiative desired.

Any event re point 5 proposed statement suggest Department check Heath's reported reference 1947 desire friendly relations "with Bulgarian Government". Recollection here is that in establishing relations emphasis at least was placed notably in public announcement action on friendly relations "between American and Bulgarian peoples" plus practical benefits maintenance official representation Bulgaria.

Sent Department 3063; Department pass Sofia 57, Praha 61, Warsaw 115, Belgrade 163, Bucharest 43, Budapest 75.

KIRK

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<sup>1</sup> Same as telegram 414, December 7, to Sofia, *supra*.



123 Heath, Donald R.: Telegram

*The Minister in Bulgaria (Heath) to the Secretary of State*

TOP SECRET      NIACT

SOFIA, December 9, 1949—11 p. m.

1044. Deptel 414, December 7.<sup>1</sup> I definitely concur that note and supplementary oral representations proposed in Department's reftel should be delivered least possible delay. I suggest however, that they be delivered simultaneously both in Washington and Sofia. To the oral representations might be added the attacks on me in a newspaper article written by Acting Political Department Director of Foreign Office (Legtel 1035, December 9<sup>2</sup>) and Foreign Office press section communiqué (Legtel 1040, December 9<sup>3</sup>) flatly characterizing Colonel Yatsevitch and myself as "spies".

It is probable that Foreign Minister himself will not receive me. He told Italian Minister yesterday at function for departing Hungarian Minister that he would be unable to see anyone until after December 18 as he had to return to his home district (Pirin Macedonia) to work for the success of the "elections".

While I am sceptical that note and representations will have any deterrent effect we must make the try. Otherwise there is little doubt that immediately after close of Kostov trial (probably middle of next week) Foreign Office will ask my recall.

Of course if our representations fail to deter the Soviet rulers of Bulgaria we must promptly break relations. My ideas as to timing and manner of such a step will be given in an immediately following telegram. I favor such a step provided it is followed up at once by effective action which should include: (1) rapid completion of our case against Bulgarian treaty violation with the idea of getting a General Assembly finding that the present Bulgarian regime is illegal and its violations of peace treaty and other actions present threat to peace in this area;<sup>4</sup> (2) intensification of economic restrictions preferably involving some preclusive buying from European suppliers of Bulgaria<sup>5</sup> and, (3) legitimate and effective assistance to a democratic refugee organization if only for the intelligence that such an organization properly guided could obtain from its contacts through the

<sup>1</sup> *Ante*, p. 366.

<sup>2</sup> Not printed. It reported that the article under reference here, written by Todor Guenov and appearing in the newspaper *Otchestven Front* (the organ of the Communist-dominated Fatherland Front), accused the American and British Governments of engaging in espionage and subversive activity through the official representatives (123 Heath, Donald R.).

<sup>3</sup> Not printed.

<sup>4</sup> For documentation on the efforts of the United States to assure fulfillment of the human rights articles of the Bulgarian Peace Treaty, see pp. 223 ff.

<sup>5</sup> For documentation on the United States policy with respect to trade with Eastern Europe and the Soviet Union, see pp. 61 ff.



Curtain. The mere severance of relations not vigorously followed up would not only be regarded with cynical amusement by Soviets even if we persuaded other western powers to follow suit but would be severe blow to Bulgaria and other peoples.

But if on contrary we follow with consistently positive action it will bring stiffening of passive resistance and unsettling of Soviet plan and confidence.<sup>6</sup>

Sent Department 1044, repeated Warsaw 14, Praha 27, Belgrade 74, Budapest 37, Bucharest 29, Department pass to Moscow 44.

HEATH

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<sup>6</sup> In his telegram 1046, December 10, from Sofia, not printed, Minister Heath recommended certain steps that might be taken if the Bulgarian Government demanded his recall. Initially, he would be instructed to return to Washington for consultation. If after several weeks the Bulgarian Government gave no evidence of correcting its attitude, a formal note would be sent announcing the breaking of relations and the reasons therefore. At the same time the United States would announce its intention of raising in the United Nations the question of the legality of the Bulgarian regime (123 Heath, Donald R.). In his telegram 1047, December 10, from Sofia, not printed, Heath attempted further to clarify his viewpoint. He felt that if the Bulgarian Government did not request his recall following the Kostov trial, the United States ought not immediately to take the initiative in severing relations. The Bulgarian propaganda machine would exploit such an initiative as an admission of guilt. The United States should be prepared, however, to proceed to the breaking of relations, since it was certain that violations of the peace treaty would continue cumulatively to increase as would the campaign of hatred against the Western countries (123 Heath, Donald R.).

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Secretary's Memoranda, Lot 53D444

*Memorandum of Telephone Conversation, by the Secretary of State*

CONFIDENTIAL

[WASHINGTON,] December 12, 1949.

I telephoned the President <sup>1</sup> today on another matter and he brought up the subject of our telegram to him about Ambassador Heath in Bulgaria.<sup>2</sup> The President said that he thought that the procedure

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<sup>1</sup> The President was vacationing at Key West, Florida.

<sup>2</sup> At his daily meeting on the morning of December 12 with his principal advisers, the Secretary of State heard a presentation by Assistant Secretary of State Perkins of the question of relations with Bulgaria. Perkins recommended that relations with Bulgaria be broken if the situation continued its current course. Perkins proposed the text of the telegram to be sent to President Truman on the Bulgarian situation. The telegram outlined the background of the current situation and the course of action described in telegram 426, December 12, to Sofia (p. 375). The Secretary was informed that the telegram constituted the first occasion that the President was apprised of the Bulgarian situation. After considerable discussion, the telegram to the President was approved. The Secretary asked that the telegram be sent to the President immediately, and that arrangements be made for him (the Secretary) to speak to the President early that afternoon (Secretary's Daily Meetings, Lot 58D609).

outlined in the telegram was the correct one; that he could see no other procedure to follow. I reiterated that if our policy worked out (as we hoped it would) we would leave the Ambassador there.

The President and I agreed that, while we thought it important to react strongly to any campaign in the satellite countries to humiliate us, we should not get in the position of stating that the Bulgarian case is a precedent and that we will recall our ambassadors from other countries under similar circumstances, but that we should be able to take what we think is the right course in each country.

D[EAN] A[CHESON]

711.74/9-1249

*Memorandum of Conversation, by the Under Secretary of State  
(WEBB)<sup>1</sup>*

RESTRICTED

[WASHINGTON,] December 12, 1949.

Participants: The Under Secretary, Mr. Webb

Dr. Peter Voutov, Chargé d'Affaires, ad interim of  
Bulgaria

Mr. Campbell, EE

Dr. Voutov called on me at 5:30 today at the Department's request. I told him that I wished to talk about the present deplorable situation in relations between Bulgaria and the United States brought about by the conduct of the Bulgarian Government, particularly the attempt to involve the American Minister, Mr. Heath, in the present trial now in progress in Sofia. In my brief remarks to him I made the following points:

1. Mr. Heath on December 3 made a statement to the Assistant Foreign Minister of Bulgaria protesting against the inclusion in the published official indictment of Kostov and others of manifestly and demonstrably false statements concerning alleged conversations between Heath and Kostov.<sup>2</sup> Mr. Heath made clear that the Bulgarian Government was in a position to establish the falsity of these allegations, since no such conversation ever took place, and requested the Ministry of Foreign Affairs to use its good offices to have his denial published in the Bulgarian press. Mr. Heath stated further, on instructions of his government, that the United States took a serious view of the Bulgarian Government's use of unwarranted and false statements concerning US representatives in Bulgaria and that in these circumstances the United States Government could not be expected to place

<sup>1</sup> The substance of this conversation was the subject of a statement issued to the press by the Department of State on December 12; for text, see Department of State *Bulletin*, December 26, 1949.

<sup>2</sup> Regarding the conversation under reference here, see telegram 1011, December 3, from Sofia, p. 365.



faith in the Bulgarian Government's intentions with respect to the maintenance of normal and friendly relations between the two countries.

2. Heath's protest of December 3 was entirely justified, because the statements attributed to him were patent falsehoods which the Bulgarian Government could and had a duty to correct.

3. The purpose of Heath's statement was not merely to establish the truth concerning the allegations in question but also to impress upon the Bulgarian Government the seriousness with which the United States has viewed its recent actions culminating in the charges against the American Minister in Sofia and the Bulgarian Government's apparent intention to disregard international law and comity in conducting its relations with the United States.

4. The Bulgarian Government has ignored Minister Heath's request to publish his denial. Moreover, its course of action since his statement was made has served only to increase the concern with which the United States Government regards relations between the two countries. The Bulgarian press, which is under the control of the government, has continued its unwarranted attacks on the United States and on the American Minister. The official *Otechestven Front* published on December 8 an article signed by a responsible official of the Bulgarian Foreign Office directly accusing the United States Government and its official representatives of engaging in espionage in Bulgaria.

5. The United States Government takes the most serious view of such deliberate actions which must inevitably affect relations between the two countries, already brought to a low state by the restrictions and indignities to which the American Legation in Sofia has been subjected for some time.

I requested Dr. Voutov to communicate urgently with his Government the substance of my remarks. He stated that he was not fully informed on everything that had happened recently in Sofia in connection with the trial and with the position of Minister Heath but that he had seen a good deal about it in the newspapers. He said that when Heath first arrived in Bulgaria two years ago the Bulgarian Government had hoped for normal and friendly relations with the United States and was well disposed toward Heath himself. In regard to the present situation of Mr. Heath in Sofia, particularly in connection with the Kostov trial, Dr. Voutov said that the Bulgarian Government of course had a reasonable basis for its course of conduct. He suggested that it might be better to wait until all the evidence was in and the trial was over before coming to any final conclusions. He said that he would, as I had requested, communicate immediately with his Government and that he would inform the Department in the event that his Government wished to reply through the Legation here. As the conversation came to an end I stressed to him once more the serious view which the Department took of the situation and stated that the US Government could not ignore deliberate and unwarranted actions



which were in complete disregard of normal practices in the conduct of international relations.

JAMES E. WEBB

123 Heath, Donald R. : Telegram

*The Secretary of State to the Legation in Bulgaria*

TOP SECRET      NIACT      WASHINGTON, December 12, 1949—6 p. m.

426. Dept has decided upon fol course of action (reurtels 1046 and 1047 Dec 10 and 1044 Dec 9<sup>1</sup>):

1) UnSecy will call in Bulg Chargé Mon Dec 12 and inform him Dept wishes him to realize and advise his govt ur remarks to Asst FonMin Dec 3 not meant merely as statement to set record straight and properly label as such the falsehoods contained in indictment, but also to impress on BulGovt serious concern with which US views recent Bulg actions and apparent intention totally disregard internatl law and comity in conduct its relations with US. In this connection UnSecy will mention statements at trial and continued press attacks, specifically citing Guenov's signed article in *Otechestven Front* Dec 8, as having served increase seriousness with which US Govt views situation.<sup>2</sup>

2) Immed fol interview Dept will issue press release referring ur statement to FonOff, subsequent actions BulGovt including press attacks, and UnSecy's statement to Bulg Chargé.<sup>3</sup>

3) If BulGovt does not demand ur recall Dept concurs you shld remain until future attitude BulGovt toward you and Leg can be clearly determined.

4) If BulGovt demands ur recall Dept contemplates ordering you home for consultation publicly rejecting validity reasons which probably will be given as justifying demand. Question of full break in relations wld be dealt with after ur return. One of reasons for thus delaying final break is hope successfully execute proposal outlined ur 1038 Dec 9.<sup>4</sup> (Sent Sofia, rptd Moscow, Belgrade, Prague, Warsaw, Budapest and Bucharest.)

ACHESON

<sup>1</sup> Summaries of telegrams 1046 and 1047 are included in footnote 6 to telegram 1044, December 9, from Sofia, p. 372.

<sup>2</sup> See Under Secretary of State Webb's memorandum of conversation, *supra*.

<sup>3</sup> For the text of the press release under reference here, see Department of State *Bulletin*, December 26, 1949, p. 981.

<sup>4</sup> The message under reference, which was not declassified for inclusion in this volume, reviewed possible measures to be taken in the Shipkov case. (124.743/12-949) Regarding the Shipkov case, see the memorandum prepared in the Office of Eastern European Affairs, October 20, p. 354.

800.000 Summaries/12-1649: Circular telegram

*The Secretary of State to Certain Diplomatic Offices*<sup>1</sup>

TOP SECRET

WASHINGTON, December 16, 1947—8 a. m.

(Topsec) (Infotel). We have informed Min Heath in Sofia that shld break in dipl relations with Bulg develop we wld base our action on treatment accorded him and our mission generally but that we wld not by breaking relations call in question legality present govt of Bulg. While we wld continue and perhaps intensify our propaganda to expose purposes and methods present Bulg regime, we do not contemplate recognition of any govt in exile or other challenge of legality present regime nor any intensification econ restrictions or similar measures.

ACHESON

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<sup>1</sup>This telegram was sent to the Embassies in Belgrade, London, Moscow, Paris, Praha, Rome, and Warsaw, and to the Legations in Bucharest and Budapest. It constitutes a close paraphrase of telegram 439, December 15, to Sofia, not printed (124.74/12-1549).

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874.9111 RR/12-1949

*The Bulgarian Minister for Foreign Affairs to the American Legation in Bulgaria*<sup>1</sup>

[SOFIA, December 19, 1949.]

## [AIDE-MÉMOIRE]

With reference to *aide-mémoire* submitted Assistant Foreign Minister Kamenov on December 3, by Minister Plenipotentiary USA Mr. Heath,<sup>2</sup> as well as to the declarations of Assistant Secretary State USA Mr. Webb, made before Chargé of Legation of Peoples Republic Bulgaria Washington, Dr. Voutov,<sup>3</sup> Ministry Foreign Affairs has honor to state following:

Ministry Foreign Affairs People's Republic Bulgaria cannot share point of view of government of USA regarding inclusion in indictment of the part of the deposition of accused Traicho Kostov referring to his conversations with Minister Plenipotentiary of USA. Indictment is document originating with prosecutor which latter draws up according to rules and methods prescribed by the law on the validity of evidence and proofs brought out in examination. This activity on part of prosecutor falls within his own official competence and government cannot exert any influence in this connection.

<sup>1</sup>The text printed here was transmitted to the Department of State in telegram 1110, December 19, from Sofia, not printed. The translation was presumably prepared by the Legation.

<sup>2</sup>The *aide-mémoire* under reference is not printed, but see footnote 1 to telegram 1011, December 3, from Sofia, p. 365.

<sup>3</sup>See Under Secretary of State Webb's memorandum of his conversation with Bulgarian Chargé Voutov, December 12, p. 373.

Regarding authenticity of the findings assembled in the investigation, as well as that which concerns the well-founded character of the complaints formulated by the prosecution, it is surely within province of the Bulgarian Court to declare itself and sovereignly to formulate its judgment. Any other opinion or consideration in this connection could pretend to be neither authoritative nor binding. Moreover, this is fundamental principle of law in all civilized countries.

Importance of trial and interest Bulgarian people are showing in it, an interest completely justified in this instance, since it is a case bearing on its (the people's) interests, confer completely on Bulgarian authorities, and on the press the right of making known all details of trial to widest range Bulgarian public opinion.

Regarding request of Mr. Heath addressed Ministry with view to obtaining thereby "friendly relations" so that his denial might be published in the Sofia papers, Ministry Foreign Affairs has evidenced its goodwill in requesting, through intermediary of directorate of press, Bulgarian papers to print the denial in question.<sup>4</sup>

Ministry Foreign Affairs of Peoples Republic Bulgaria is compelled, therefore, to point out that it considers the declarations of Assistant Secretary State Mr. Webb, made before Chargé d'Affaires of Peoples Republic Bulgaria in Washington, as well as tone of the official communication published by Department of State on this occasion, to be absolutely incompatible, in form in which they were made, with established international custom.<sup>5</sup>

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<sup>4</sup> Telegram 1103, December 18, from Sofia, not printed, transmitted the text of a brief note from the Bulgarian Foreign Ministry to the Legation stating that the Foreign Ministry had requested the Sofia newspapers to publish the text of the denial which Minister Heath had given the Foreign Ministry on December 3 (874.9111RR/12-1849). The denial appeared in Sofia newspapers on December 20.

<sup>5</sup> In his telegram 1113, December 20, from Sofia, not printed, Minister Heath observed that this *aide-mémoire* was the nearest thing to an apology which the Legation had ever received from the current Bulgarian regime. Heath further observed that it appeared clear that the Soviet Union did not wish the United States to sever relations with Bulgaria "at this time and over this precise issue" (874.00/12-2049).

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### *Editorial Note*

Secretary of State Acheson called upon President Truman on December 20 and reviewed a number of foreign policy matters requiring the attention of the President. The Secretary described recent developments in relations with Bulgaria and Hungary. The President approved the course being followed and directed the Secretary to continue along those lines. (Memorandum by the Secretary of State, December 20, 1949 : 711.74/12-2049)



874.00/12-2049 : Telegram

*The Secretary of State to the Legation in Bulgaria*

CONFIDENTIAL

WASHINGTON, December 21, 1949—7 p. m.

464. Dept concurs with opinions contained 1st and 2nd paras urtel 1113 Dec 20.<sup>1</sup> Explanation BulGovt's action may be forthcoming at some later time. We do not think it advisable make effort, as suggested 3rd para reftel obtain explanation from Kamenov in personal interview in next few days.

In reply request at press conference today to comment on next steps we might take with regard to Bulg, Secy stated there was nothing to add to UnSecy's statement and BulGovt's reply, both of which available to press. He indicated matter was closed by concluding with remark that BulGovt had complied with request to publish ur denial.

You will receive instrs later re reply to FonOff *aide-mémoire* (reurtel 1110 Dec 19).<sup>2</sup> Dept does not at this stage contemplate continuing publicized exchanges with BulGovt which might upset present possibility obtaining basic objectives sought by our forceful reaction to Bulg attacks on you and restrictions on Leg. BulGovt and US public now have clearer understanding US Govt position re provocations by satellite govts and better prepared for further strong reaction if necessary in future.

ACHESON

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<sup>1</sup> Not printed, but see footnote 5 to the Bulgarian Foreign Ministry *aide-mémoire* of December 19, p. 377.

<sup>2</sup> The *aide-mémoire* under reference is printed, p. 376; regarding telegram 1110, see footnote 1 thereto.

874.00/12-2249 : Telegram

*The Minister in Bulgaria (Heath) to the Secretary of State*

CONFIDENTIAL

SOFIA, December 22, 1949—11 p. m.

1123. Reference Deptel 464, December 21.<sup>1</sup> I agree thoroughly Department should discontinue publicizing further exchanges with Bulgarian Government on attempted involvement Legation in Kostov "conspiracy". I believe also we should postpone reply to Foreign Office *aide-mémoire* on Under Secretary Webb's statement until we have some inkling as to Foreign Office's next move.

As re my suggested talk with Assistant Foreign Minister Kamenov (Legtel 1113, December 20<sup>2</sup>) it was not intention to ask an interview or open an interview on subject of recent actions and declarations of

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<sup>1</sup> *Supra.*

<sup>2</sup> Not printed, but see footnote 5 to the Bulgarian Foreign Ministry *aide-mémoire* of December 19, p. 377.

Bulgarian Government against Legation and US Government. We still have pending discussions about Legation staff and housing and the proposed temporary arrangement for reciprocal deblocking of funds. Recently new Diplomatic Service Bureau demanded surrender apartment on which we hold valid lease and threatened to break in if we refused. It would be on such minor problems that I would seek an interview with Kamenov, leaving it up to him to make an opening or lead discussion to Kostov case. I will, of course, make no attempt to see him pending instructions from Department, but sooner or later I must resume contact with Foreign Office.

Surprising publication of my denial following upon Department's forceful reaction Bulgarian's attempt implicate me in Kostov case has been enthusiastically received by such non-Communist Bulgarians as we have been able to contact, and by practically all Western diplomats here. They unhesitatingly interpret publication my statement as a defeat and retreat—if only temporary—of Communist regime here and a—temporary—victory for US. Both diplomatic observers and Bulgarians hold that however much government may assert contrary, publication of my statement shows up essential falsity of case against Kostov whose guilt was, we believe, accepted by few intelligent members of BCP or by anti-Communist masses.

I doubt that effect of publication of my denial was nation-wide since it appeared only in local dailies and briefly over radio. But it is surprising that according to scant sampling we have been able to accomplish that even man in street in Sofia is somewhat aware of its significance.

Most of my Western colleagues share my belief that Bulgarian Government's action was due to Kremlin's unwillingness to have US break relations at this precise time and over this precise issue, and, I might add, in this particular country. I believe that Kremlin accepted loss of face for Communist regime here rather than do anything which might operate to handicap eventual action against Tito for which Bulgaria must be an important base. There are signs here that Kremlin may use Bulgaria in an endeavor to agitate Macedonian issue.

There are no local signs as yet of preparation for overt military attack on Yugoslavia but certainly Soviets must have considered such action as a possible last resort in case other efforts against Tito failed. They might well avoid any incident which might increase indignation in US and conceivably bring about increased American and Western support of Tito. I might add I am not so certain that Kremlin would have ordered Bulgarian Government temporarily to back down from its attacks on Legation if it felt certain that US would under no circumstances go any further—as indicated recent Deptel—than mere severance of relations.

My colleagues here with exception of British Minister <sup>3</sup> believe that for some little time Bulgarian Government will not only not ask for my recall but will do nothing for moment to make my position untenable. British Minister, however, believes that Foreign Office may refuse to receive me, and certain Bulgarians believe regime will involve me or members of Legation in some future trial or manufactured incident.

Intentions of Bulgarian Government may become manifest when I have occasion to ask for interview with Assistant Foreign Minister or Foreign Minister. If they refuse to grant or delay unconscionably in granting interview, their intentions would be clear.<sup>4</sup>

HEATH

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<sup>3</sup> Paul Mason.

<sup>4</sup> Telegram 471, December 27, to Sofia, not printed, authorized Minister Heath to discuss with the Bulgarian Foreign Ministry problems such as those mentioned in this telegram (874.00/12-2249). In his telegram 1137, December 31, from Sofia, not printed, Heath reported that he had conferred with Assistant Foreign Minister Kamenov that afternoon. Heath "briefly and coolly" expressed his appreciation for the Bulgarian Foreign Ministry's cooperation in arranging for the publication of his denial of allegations against him in the Kostov indictment. Heath also took the opportunity to deny allegations made against him in Tsonchev's testimony (see editorial note, p. 363) during the Kostov trial. Kamenov's manner was courteous but reserved. Heath also reported that he had received a Christmas gift from Foreign Minister Poptomov (874.00/12-3149).



## CZECHOSLOVAKIA

### CONCERN OF THE UNITED STATES OVER THE WORSENING OF RELATIONS WITH CZECHOSLOVAKIA; RESPONSES TO HOSTILE ACTIVITIES OF THE CZECHOSLOVAK GOVERNMENT

124.60F/1-449 : Telegram

*The Acting Secretary of State<sup>1</sup> to the United States Political Adviser  
for Germany (Murphy), at Berlin<sup>2</sup>*

SECRET

WASHINGTON, January 4, 1949—7 p. m.

17. Dept would appreciate info (other than that Delga 1135 from Paris and Praha's 1852<sup>3</sup>) on exact nature difficulties and indignities suffered by Emb personnel Praha (Berlin's 3009 Dec 31, rptd Praha 89).<sup>4</sup> Agree retaliation and counter-pressure can be most effectively applied US zone Germany and have no objection to such action. Understand when Zecho Govt raised unnecessary difficulties re US official travel from Zecho to Germany Amb Steinhardt<sup>5</sup> consulted you and General Clay<sup>6</sup> directly and also dealt informally with Zecho

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<sup>1</sup> The retirement of Secretary of State George C. Marshall, who was ill, was announced on January 7, 1949. Dean G. Acheson took office as Secretary of State on January 20. On that same day, James C. Webb succeeded Robert A. Lovett as Under Secretary of State.

<sup>2</sup> Repeated as telegram 11 to the Embassy at Praha.

<sup>3</sup> Telegram 1135, December 9, 1948, from the United States Delegation to the United Nations at Paris, not printed, reported that John Pazourek, a construction engineer assigned to the Embassy at Praha, and his wife, had been stopped at a Czechoslovak customs station, forced to undress, and searched (123 Pazourek). Telegram 1852, December 14, 1948, from Praha, not printed, reported that Mrs. Irene Foster Vaclavik, an Embassy clerk being transferred to Oslo, departed from Praha airport on December 8 and had almost the same experience as the Pazourek (124.60F3/12-1448). Telegram 374, March 18, from Praha, not printed, reported that in response to representations made verbally and by note to Czechoslovak Minister for Foreign Affairs Vladimir Clementis on March 2 regarding the callous personal searches of Mr. and Mrs. Pazourek and Mrs. Vaclavik, Clementis had promised on March 9 to take steps to insure the avoidance in the future of harsh treatment of Embassy officials and employees by customs officials (123 Pazourek).

<sup>4</sup> Not printed. It reported receipt of a message of December 16 from the Embassy in Praha recounting the indignities and difficulties suffered by Embassy personnel at the hands of Czechoslovak authorities and requesting information as to whether U.S. military authorities would, if requested by the Embassy, cut off facilities and assistance to Czechoslovak representatives in the U.S. zone of occupation of Germany. Political Adviser for Germany Robert D. Murphy was inclined to recommend such action, if requested by the Embassy, provided the Department of State had no objection (701.60F62/12-3148).

<sup>5</sup> Laurence A. Steinhardt served as Ambassador in Czechoslovakia from July 1945 to July 1948. Joseph E. Jacobs was named Ambassador to Czechoslovakia in October 1948 but was not confirmed by the Senate until March 1, 1949. Jacobs arrived in Praha on December 18, but he did not present his credentials and assume charge of the Embassy until January 5, 1949.

<sup>6</sup> Gen. Lucius Dubois Clay, United States Military Governor for Germany and Commander in Chief, United States European Command.

FonOff in making use retaliation or threatened retaliation against entry Zecho vehicles US zone with result restrictions lifted. Believe counter-action should be effected in this manner on *ad hoc* basis with pointed reference in informal discussions with Zecho reps to actual or possible restrictive effects on status Zecho personnel Germany of specific action against our personnel Zecho. Recommend, accordingly, if Praha deems counter-action necessary, progressive withdrawal facilities, or imposition restrictions, with possibility eventual complete denial facilities should Zecho offer no remedy. Since relations between Dept and Zecho Emb Washington, are reserved to point merely keeping within bounds propriety permitting continuance correct diplomatic relations, consider little room remains for measures against Zecho personnel here.

LOVETT

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860F.00/1-1849 : Telegram

*The Ambassador in Czechoslovakia (Jacobs) to the Acting Secretary of State*

SECRET

PRAHA, January 18, 1949—6 p. m.

74. Official . . . of one of Communist Party committees called on Labor Attaché January 17 and asked whether he could have assurances of support of US Govt or at least official encouragement in event organized uprising in near future against Communist-dominated Govt. Was told repeatedly in face of insistent disbelief that neither US Govt nor its representatives interfered in internal affairs any nation.

Approach originally made January 14 by same individual, previously unknown to Labor Attaché, who called on him at Embassy, identified himself, volunteered credentials. Claimed he was disillusioned with CP and wanted to know whether Embassy interested in organized efforts to take over party and give Czechoslovakia more democratic regime. Labor Attaché at that time took position he had been student Czechoslovak affairs many years and interested in anything that might contribute to his better understanding Czechoslovakia. After repeated unsuccessful efforts to elicit indication Embassy encouragement or approval, relaxed into discussion "outlining information Embassy may not have".

Asserted following: Czechoslovak population completely fed up with excessive Communist regime. Double price system, squeeze on small tradesmen and farmers (to whom Czechoslovak population fundamentally sympathetic) cumulating unrest and creating situation ripe for seizure power. Even CP machinery rife with discontented elements and party forced into large-scale changes of lower rank per-

sonnel in order assure dependability. In last two months 30 percent of personnel in party secretariats replaced. Party zeal and loyalty diluted by mass influx unsympathetic members. Effective organization of dissident elements within party would have mass support and would provide greater possibility for successful overthrow than futile escapades of individuals without mass links. Base of operations already set up by him in one region where his people supposedly infiltrating by getting elected to positions which will enable them to control regional party machinery and delegates to next CP Congress in May. Results in local organizations excellent but encountering difficulties in factories. Came to Praha to start similar ball rolling here. Was not worried about army because convinced it would be undependable in crisis on ground that "day before elections statistics passed through my hands showing only 22 percent of rank and file and 40 percent of officers pre-February Communists". Rank and file of army could be partially neutralized and perhaps split by activities of clever organizers. Before leaving again tried indirectly to elicit Embassy attitude but made no direct request for Embassy assistance.

January 17 request for Embassy support on approval kept very general. Unwilling to indicate specifically what was expected and countered non-interference position with allusion to Greece. Clearly disappointed at failure to obtain encouragement said that probably Embassy did not believe it possible to organize opposition and if that was reason would see evidences of activity in his region two weeks hence. Regretted Embassy did not appreciate what US support would mean in insuring large-scale participation Czechoslovak people in "direct action" to overthrow Communists.

Informant young man about 30, intense, coherent, seemed intelligent, gave impression of sincerity. Though he may very well be organizing against present leadership of party in his region Embassy sees no evidence that his optimism about possibilities of successful challenge to regime in near future warrants serious consideration, but calls Dept's attention to incident as striking example of indications of widespread discontent in Czechoslovakia and stirrings in many areas to organize against regime.

JACOBS

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811.917 America/2-449 : Telegram

*The Secretary of State to the Embassy in Czechoslovakia*

SECRET

WASHINGTON, February 4, 1949—8 p. m.

142. Dept attaches considerable importance to obtaining agreement Czech Govt recognize distribution Czech-language edition *Amerika*



(Depins 56, May 6 <sup>1</sup>) so that it might serve as long-range medium and line of contact between Czech people and US. Although negative response received by USIS officer in earlier discussions with Czech officials, we are not ready conclude question close and desire you re-open matter directly with Clementis from standpoint attempt settle this pending problem as one of initial tasks your incumbency.

While difficulties may still arise believe grounds exist for hope of success in new approach view following:

1. If full weight your interest and position as new Amb exerted FonOff might see advantage granting this concession during early stages your mission.

2. Sov negotiations on distribution magazine stalled many months and only successfully completed after direct presentation Harriman <sup>2</sup> to Molotov <sup>3</sup>.

3. Czech Amb and Counselor here recently paid visit Dept apparently intended as goodwill mission and possibly undertaken on instructions from Moscow.<sup>4</sup> If any special Czech disposition now exists to seek our favor it should be exploited for these negotiations.

4. Stress can be given info privileges enjoyed here by Czech Govt which argument believed important factor in successful Sov negotiations for this purpose. Advantage should be taken especially fact Dept recently gave consent publication by Czech Commerical Attaché from Office Czech Consulate General in New York of *Czech Economic Bulletin*. Initial issue has now appeared under date Jan 1949. Dept airmailed Nov 29 samples other English-language propaganda publications freely distributed by Czech Emb and Consulate cultural offices.

5. If necessary Dept will make supporting representations here re principle reciprocity info activities.

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<sup>1</sup> Not printed; it presented a resumé of the steps taken by American representatives in Moscow from 1943 to 1948 to obtain from Soviet authorities permission to distribute in the U.S.S.R. the Russian-language magazine *Amerika*. The instruction also offered suggestions on the procedure to be followed by the Embassy in Praha to obtain approval for the distribution in Czechoslovakia of a Czech-language edition of the magazine (811.917 Amerika/3-2448). The illustrated magazine *Amerika* (in Russian, Czech, and Polish-language editions) was written, edited, and printed in New York by the United States Government. Its purpose was to present a picture of life in the United States. It was not concerned with political questions but concentrated on articles and features of broad cultural interest. The Russian-language edition of *Amerika* was distributed in the U.S.S.R. for the first time in January 1945. Regarding the progress and difficulties in distributing *Amerika* in the U.S.S.R. in 1947, see telegrams 1106, March 31, 1947, and 2632, August 13, 1947, both from Moscow, *Foreign Relations*, 1947, vol. iv, pp. 548 and 583.

<sup>2</sup> W. Averell Harriman, Ambassador in the Soviet Union, 1943-1946; in 1949, Special Representative in Europe for the Economic Cooperation Administration, with the rank of Ambassador.

<sup>3</sup> Vyacheslav Mikhailovich Molotov, Minister for Foreign Affairs of the Soviet Union from 1939 until March 5, 1949.

<sup>4</sup> Czechoslovak Ambassador Vladimir Outrata and Francis Weiskopf, Counselor of Embassy, called on officers of the Division of Central European Affairs on January 19. According to the memorandum of the conversation by Jacob D. Beam, Chief of the Division, Outrata expressed hope for better relations between the United States and Czechoslovakia although he had no concrete proposals except a relaxation of U.S. export controls and the early conclusion of a compensation agreement between the two countries (711.60F/1-1949).

Suggest objective should be regular monthly sale through official distribution agency subject whatever restrictions including precensorship may seem necessary to get project underway.<sup>5</sup>

ACHESON

<sup>5</sup> In his telegram 207, February 14, from Praha, not printed, Ambassador Jacobs reported that he had taken up with Foreign Minister Clementis on February 12 the question of the distribution of *Amerika*. Clementis appeared to be favorably disposed toward the request (811.917 Amerika/2-1449). A copy of the *aide-mémoire* left by Jacobs on February 12 was transmitted to the Department of State under cover of despatch 111, February 16, from Praha, neither printed (811.917 America/2-1649). Telegram 331, March 14, from Praha, not printed, reported receipt of a Czechoslovak Foreign Ministry note of March 14 expressing tentative approval, subject to further negotiation, for distribution of *Amerika* (811.917 America/3-1449). On May 23 the Department of State issued a statement to the press announcing that the Czech-language edition of *Amerika* would be distributed in Czechoslovakia beginning in May. For the text of the statement, see Department of State *Bulletin*, June 5, 1949, p. 730. Distribution, however, did not in fact begin. The Embassy continued throughout the remainder of the year to try to secure final approval from Czechoslovak authorities for the distribution of the magazine.

*Current Economic Developments*, Lot 70D467

*Current Economic Developments*<sup>1</sup>

[Extract]

CONFIDENTIAL

[WASHINGTON,] March 7, 1949.

No. 192

CZECH COMPENSATION NEGOTIATIONS TO BE CONTINUED IN  
WASHINGTON

After several years of inconclusive conversations with the Czechs on principles of compensation for US nationalized property in Czechoslovakia, there is now a possibility that agreement will be reached within the next several months. Informal preliminary negotiations have recently been concluded in Praha and we were able to obtain Czech agreement to a continuation of the negotiations in Washington. The chief snag to agreement has been Czech refusal to include as part of the US claim the property of former Czech citizens who became US citizens during the war. This issue is complicated by the fact that in 1929 we adhered to a treaty on nationality with Czechoslovakia which provided that Czech citizens would lose their Czech nationality on assuming US citizenship except when Czechoslovakia is at war.

<sup>1</sup> A weekly classified publication, prepared by the Policy Information Committee of the Department of State, designed to highlight developments in the economic divisions of the Department and to indicate the economic problems which were currently receiving attention in the Department. It was circulated within the Department and to missions abroad.



This section of the treaty is being studied by the Department to determine whether it applies in this instance.

For negotiating purposes we are considering asking for \$45 million in settlement of all US claims and the Czechs have so far tentatively offered a figure of \$18-20 million, allowing approximately \$7.5 million of this amount as compensation for investments which were originally made in dollars. The Czechs have indicated that the lump-sum settlement procedure would be acceptable to them.

*Credits and US Export Policy Discussed* In the preliminary discussions, before proceeding to the specific issues involved in a compensation settlement, the Czechs stated their desire for a US credit and for the relaxation of US export controls on badly needed items.<sup>2</sup> They pointed out that an expansion in exports would be necessary to enable them to meet obligations in dollars under any compensation agreement that might be reached, and that increased purchases of raw materials and equipment from the US would be a prerequisite for such expansion. Therefore, in order to assume obligations under a compensation settlement, as well as to reconstruct Czech international trade, the Czechs felt it necessary to seek a credit from the US of two or three times the amount of money agreed upon as a lump-sum settlement and have since indicated their disposition to use their share of the international gold pool as a guarantee for a private loan in the US which would be used to pay off US nationalization claims. In addition, the Czechs felt that the US export control policy might prove a barrier to reaching a settlement because of the resultant Czech difficulty in obtaining producer investment goods from the US. Our representatives replied that a credit of this size was out of the question and that we would not accept as conditions precedent to a settlement either the granting of a credit or the relaxation of US export controls. Our representatives also refused to make any commitment on what position the US would take regarding credits or export licenses in the event a settlement agreement was reached. The Czechs then stated that they were not asking for a change in US policy, but that they would submit to us a list of the goods they seek. They wish to discuss, in connection with the compensation settlement, the possibility of obtaining some or all of these items.

*Issues To Be Negotiated* The Czechs again raised the technical issues which have blocked settlement since commencement of negotiations in 1946. They stated that, so long as there is no agreed formula between the US and Czechoslovakia, the Czechs must consider the claims in accordance with Czech law. They indicated that whether the formula arrived at in a compensation settlement would be liberal or restrictive would be dependent on extension of a US loan. Some of the

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<sup>2</sup> For documentation on the policy of the United States with respect to trade with the Soviet Union and Eastern Europe, see pp. 61 ff.



specific points of difference involve: 1) treatment of claims of former Czech nationals who have become US citizens during the war; 2) treatment of claims which represent investments in Czech crowns rather than dollars; and 3) cases where US claims are based on ownership through foreign corporations.

The Czechs stated that former Czech nationals who were naturalized in the US during the war retain their Czech citizenship and that the Czech government would be within its rights in treating such persons on the same basis as other Czechs. They stated that they would consider former Czechs as Czechs, former enemies as enemies, and former Allies on the same basis as native Americans, but later indicated that this was a matter for further negotiation.

In reply to the Czech position that they were not obliged to pay in dollars on claims representing investments in crowns, our representatives pointed out that US citizens were entitled to receive compensation in a usable form for the loss of their properties, and it was agreed that this was an appropriate item for further negotiation. The Czechs indicated that the problem was to find a formula between the economic and legal difficulty of paying dollars for crown investments and an obligation to pay something on such claims.

With respect to US holdings of property in Czechoslovakia through foreign corporations, the Czechs intimated they would be prepared to recognize these claims as American but only when it was obvious that the foreign corporation was a holding company, and only if the holding company were not German. The US position is that the valid beneficial interests of American citizens, held through all foreign corporations, must be recognized.<sup>3</sup>

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<sup>3</sup> Despatch 104, February 14, from Praha, not printed, transmitted the record of discussions of the meetings held in Praha, January 26–February 7, concerning American property claims against the Czechoslovak Government. Representing the United States were Emil Kekich, Commercial Attaché of the Embassy in Praha, and Frank D. Taylor of the Lend Lease and Surplus Property Staff, Department of State. Representing Czechoslovakia were Evzen Loebl, Czechoslovak Deputy Minister for Foreign Trade; Dr. Leopold Chmela, General Manager of the Czechoslovak National Bank; Dr. Rudolf Bystricky, Chief of the Economic Department of the Czechoslovak Foreign Ministry; and Dr. Hugo Skala, Deputy Plenipotentiary for Compensation Claims of the Czechoslovak Ministry of Finance (860F.5034/2-1449).

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124.60F3/3-1149: Telegram

*The Ambassador in Czechoslovakia (Jacobs) to the Secretary of State*

SECRET

PRAGA, March 11, 1949—6 p. m.

321. In view definite increase in police attempt penetrate security of Embassy through bribery, intimidation and threats, involving both

our Czech employees and officers' personal servants (see Security Officer's status reports and Heydrich's statement regarding penetration attempts), consider time opportune to refer to Department question whether Embassy should continue to let matter drift, improving best safeguards possible in light of developments, or in addition to take more positive action along lines indicated herein. Department's knowledge of similar developments elsewhere might be most helpful here.

Recent police approaches have involved practically every section where Czech personnel are employed and char force in particular has been target of intensified pressure. During past charwomen, for most part elderly, have either been called to police headquarters or interrogated in their homes by police officers who at first offered extra ration coupons for bringing to police waste paper or desk calendars, pads or personal letters to be kept by police over night and returned following morning by charwomen. Although not all charwomen have reported to us, we believe that all have been approached by police and danger lies largely among those who have not informed us. One particular charwoman, employed since November 1945, related that she had been visited third time in three weeks and told that unless she complied with police request by certain date she would be arrested and pension of her husband, retired railway clerk, discontinued. In order protect her, she has been given scraps of waste paper of no value which she is handing over to police.

In order to get positive information this activity without compromising employees too much, we have thought of making spot search of charwomen in full view of Czech policeman always stationed at entrance. We would find at least on person of charwoman referred to above whatever we had given her and we might find something on others. We would then conduct interrogation and on basis thereof I could complain to Foreign Minister. Circumstances of search would on surface indicate that charwomen themselves had not voluntarily revealed police activities but used so it is not improbable that police would resort to retaliation against charwomen. This uncertainty makes us hesitant to adopt plan, certainly without Department's foreknowledge.

There is some evidence which might use in protest to Foreign Minister to be found in reports which have come back to us from former employees who legally or illegally have gone to Germany. Such reports reveal substantially same degree of police pressure brought to bear upon them before they left Czechoslovakia. Since they are out of harm's way (except in some cases where close relatives remain in Czechoslovakia), I might use their statements as basis of protest to Foreign Minister.

In bringing matter to Department's attention, I must say I doubt

seriously whether any protest we can make will stop these police efforts. Judging from what has happened in other satellite countries, we are just at beginning of this sort of police pressure which is likely to be continued relentlessly, regardless of what we do, until practically all our Czech employees are compelled to leave us and all our contacts with Czechs cut off except for few selected ones who are permitted by authorities to see us.

Would appreciate therefore such instructions as Department may wish to give as to whether we should continue to go along as we are, attempting to safeguard Embassy security as best we can, or whether I should file complaint with Foreign Office. Probably only advantage to be gained by filing complaint is that we would have satisfaction of letting Czech authorities know that we know what is going on. This is something because Czech police are such "crime Sherlock Holmes" that they seem to feel and conduct themselves as if they were getting away with murder without our knowing it. It might jolt them into being more careful and less openly aggressive if they knew we knew some of the things they are doing. However this in turn will have repercussions and will not stop campaign against us because it results from higher directives, probably from Moscow.

JACOBS

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124.60F3/3-1149: Telegram

*The Secretary of State to the Embassy in Czechoslovakia*

SECRET

WASHINGTON, March 19, 1949—noon.

333. Appreciate thoroughly security problem urtel 321 Mar 11<sup>1</sup> recd Mar 13 caused by Czecho police activity against Emb and agree this pressure will no doubt increase since it represents characteristic feature developments in satellite countries. Nevertheless on basis experience in all curtain countries to date we advise against more positive action along lines suggested reftel considering it:

1. wld not serve to prevent or reduce police efforts;
2. might encourage measures retaliation against alien employees as you indicate;
3. wld probably lead to more harmful than beneficial results from standpoint successful counteraction by driving police activities underground.

Believed preferable to let police action remain in open where we will have some knowledge of it and where something can consequently be done to counter it. As to development countermeasures security officer Praha-Vienna area should furnish specific suggestions based on his judgment and experience with local conditions.

ACHESON

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<sup>1</sup> *Supra.*



711.60F/3-2449 : Telegram

*The Ambassador in Czechoslovakia (Jacobs) to the Secretary of State*

SECRET

PRAHA, March 24, 1949—3 p. m.

397. Possible Department has noticed from Embtels during past few weeks two definite but contradictory currents in Czechoslovak attitude toward the US.

On one hand, Foreign Office and officials of other ministries concerned with commercial and economic affairs have been making special efforts to resolve outstanding cases and problems and to otherwise improve relationships. For instance, agreement to release truck and contents,<sup>1</sup> release of Goodale,<sup>2</sup> decision to allow staff to retain its recreational chalet, return of Vilen's<sup>3</sup> passport and settlement his case which has been pending almost a year, encouraging news that Hvasta<sup>4</sup> case may be settled soon, satisfactory arrangements to date re settlement of claims, cordial and friendly treatment of army's purchasing group, more expeditious and conciliatory assistance in Embassy staff housing problems, permission to distribute magazine *Amerika*,<sup>5</sup> and belated apologies in Pazourek, and Foster-Vaclavik cases.<sup>6</sup>

On other hand, security police seem to be intensifying their efforts to be nasty and to circumscribe our activities. For instance, refusal permit Embassy representative interview two soldiers,<sup>7</sup> apparent determination try them on some trumped-up charge, increasing efforts, by bribery and threats, to compel alien employees to breach Embassy's

<sup>1</sup> In late January 1949, an American truck accidentally crossed into Czechoslovakia from the American zone of occupation in Germany and was seized by Czechoslovak authorities. Following repeated protests by the Embassy in Praha, the Czechoslovak Foreign Ministry on March 9 agreed to release the truck and its cargo.

<sup>2</sup> Ronald Goodale, an American citizen, was arrested by Czechoslovak customs officials in late December 1948 as he was departing following a visit to Czechoslovakia. Goodale was convicted by a Czechoslovak court in early March of violations of laws regarding the attempted removal of property from Czechoslovakia. He was fined and allowed to leave the country.

<sup>3</sup> Victor A. Vilen (Velen?), a naturalized American citizen, was deprived of his passport by Czechoslovak authorities in late December 1948. Following repeated Embassy representations, Vilen's passport was returned and he departed from the country.

<sup>4</sup> Jan Hvasta, an American citizen and a former employee of the American Consulate General in Bratislava, was arrested by the Czechoslovak police in late 1948 along with two Czechoslovak citizens, one of whom had also once been employed by the Consulate General. Access to Hvasta by the Embassy or Consulate General was steadfastly denied by Czechoslovak authorities. The Embassy eventually learned that Hvasta and the two Czechoslovaks had been convicted of espionage in a secret trial held in Bratislava at the end of May 1949. Hvasta was sentenced to three years in jail.

<sup>5</sup> Regarding the question of the magazine *Amerika*, see telegram 142, February 4, to Praha, p. 383.

<sup>6</sup> Regarding the Pazourek and Vaclavik cases, see footnote 3 to telegram 17, January 4, to Berlin, p. 381.

<sup>7</sup> The reference here is to the case of George R. Jones and Clarence R. Hill; see editorial note, *infra*.

security, great increase in number of attempted "plants" by letter and telephone to inveigle members of staff into meeting alleged "patriots" who will reveal government secrets (apparently to find some weakling who can be arrested on an espionage charge), increasing efforts, through intimidation, to prevent Czechoslovaks from frequenting our reading room and library, and closing all but one border point of entry and exit for auto traffic between Czechoslovakia and Germany.

While developments in each individual case are doubtless influenced by special and sometimes complicated factors, it is evident that there is broad conflict in government. Activities of security organs, which have great power, ample funds, excessive zeal, and probably direct Soviet influence and directives, often obviously embarrass other ministries of government, particularly those concerned with economic matters, which are doing best to maintain relations with west essential to Czechoslovakia. It is evidently to our interest to hamper and slow down as far as possible growth of security organs influence. To this end we should react strongly in cases in which security organs obviously have upper hand, such as that of two soldiers. On other hand, we should be quick to reciprocate in cases in which security organs have obviously been vetoed, and in addition give the non-security agencies some ammunition to support thesis that dealing with US on reasonable basis is mutually profitable. This involves careful calculation of scope and intensity of retaliation in each instance as well as judicious use of accommodating gestures by us.

In absence of comment to contrary, Embassy will assume Department is in general agreement with above and our recommendations and/or action in individual cases will be based thereon.

Department please pass to Army.

Sent Department 397, repeated Heidelberg 41, Berlin 39.

JACOBS

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### *Editorial Note*

On December 8/9, 1948, recruits George R. Jones and Clarence R. Hill, who were absent without leave from United States Constabulary Forces stationed in the United States Zone of Occupation of Germany, crossed the frontier into Czechoslovakia in the vicinity of Česka Kubice and were taken into custody by Czechoslovak authorities. Early attempts to secure the release of Hill and Jones through the normal military channels proved fruitless. Czechoslovak authorities acknowledged that Hill and Jones were in custody and undergoing police investigation, but permission for American representatives to visit them was repeatedly denied. Ambassador Jacobs made oral and written representations to the Czechoslovak Foreign Ministry on January 18,



January 24, and February 11. On February 18, the Department of State issued a statement to the press reviewing the case of Hill and Jones and the efforts made to obtain their release; for text, see Department of State *Bulletin*, February 27, 1949, page 266. On March 2 Foreign Minister Clementis gave Ambassador Jacobs a note stating that the police investigation of Hill and Jones indicated that their conduct constituted a violation of Czechoslovak espionage laws and that legal action was to be taken against both men. A week later Clementis formally refused Ambassador Jacobs' request to be allowed to visit the imprisoned soldiers. Orally on March 19 and again in a note of March 26, Ambassador Jacobs requested Foreign Minister Clementis to give special assurances that legal safeguards would be accorded to Hill and Jones including a prompt trial and the right of Embassy representatives to have access to them. On March 29 the Czechoslovak Government released to the press a statement announcing that on March 26 a Czechoslovak court had found Hill and Jones guilty of espionage and had sentenced each of the two men to terms of 10 to 12 years at hard labor. Ambassador Jacobs immediately presented a note to the Czechoslovak Foreign Minister protesting the secrecy of the Hill-Jones trial and the failure of the Czechoslovak Government to accord the soldiers normal rights and safeguards and to grant to the Embassy the right of access to the men. At his press conference on March 30, Secretary of State Acheson made a statement indicating that the United States Government viewed with grave concern the conviction of Hill and Jones and supported the action of Ambassador Jacobs in protesting the procedure of Czechoslovak authorities in the matter. (For the text of the statement, see *ibid.*, April 10, 1949, page 459.) In a note of March 31, delivered to the Embassy in Praha on April 1, the Czechoslovak Foreign Ministry insisted that the trial and conviction of Hill and Jones had been conducted in accordance with valid Czechoslovak laws and that the soldiers had enjoyed all the legal protection to which every accused person was entitled under Czechoslovak law. Following renewed demands by Ambassador Jacobs for access to Hill and Jones, Consul Carrol C. Parry of the Embassy in Praha and Assistant Military Attaché Donald G. McNamara were permitted by Czechoslovak authorities to interview Hill and Jones on April 5. The full record of the interview was transmitted to the Department of State in telegram 498, April 6, from Praha, not printed (740.00119 Control (Germany)/-4-649). A statement on the Parry-McNamara interview was issued to the press by the Department of State on April 6; for text, see Department of State *Bulletin*, April 17, 1949, page 502.

Documentation on the exchanges described here is included in Department of State file 740.00119 Control (Germany).



740.00119 Control (Germany)/4-949: Telegram

*The Ambassador in Czechoslovakia (Jacobs) to the Secretary of State*

TOP SECRET URGENT

PRAHA, April 9, 1949—midnight.<sup>1</sup>

518. Section one of two. For officers concerned Monday a. m. RefDeptel 436 and 437, April 8.<sup>2</sup>

Following is report of developments to date, with comments and suggestions on Hill-Jones case:

Realizing after despatch to Foreign Office my note 219 (third paragraph mytel 497<sup>3</sup>) that Foreign Minister Clementis was leaving for Sofia, I endeavored contact Foreign Office and was able call upon Deputy Hadju<sup>4</sup> morning April 8, who had present Vinar, Foreign Office representative at interview of soldiers. I pointed out to them in no uncertain terms that interview clearly indicated such grievous miscarriage of justice that if full report thereof were ever released to American public, Czechoslovak-American relations would suffer serious impairment and that present efforts of at least certain segment of his government to improve such relations, especially in economic fields, would come to nought.

Hadju first tried weakly to belittle seriousness of case by saying men had confessed and that documents which they had signed read like "fairy tale" of espionage. I replied that we would like to read the fairy tale and that it was a "fairy tale". Then he said soldiers could invoke clemency which may indicate Foreign Office thinking as regards way out but that way is unsatisfactory to us because request for clemency still implies guilt. Hadju said he would confer with Minister

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<sup>1</sup> The second section of this telegram reached the Department of State on the morning of April 11 (Monday).

<sup>2</sup> Telegram 436, April 8, to Praha, not printed, instructed Ambassador Jacobs to urge Czechoslovak Foreign Minister Clementis to arrange the immediate deportation of Hill and Jones (see the editorial note, *supra*), pointing out that Clementis must be aware that no grounds existed for the espionage charges against the two men and that the trial was a travesty of justice. Jacobs was further instructed to emphasize that the United States Government and public would never countenance so gross a miscarriage of justice involving American citizens and that a marked deterioration in American-Czechoslovak relations was bound to ensue (740.00119 Control (Germany)/4-649). Telegram 24, April 8, to Heidelberg, Germany (repeated as telegram 437 to Praha), not printed, instructed James W. Riddleberger, Acting United States Political Adviser for Germany, to discuss with General Lucius D. Clay, United States Military Governor for Germany and Commander in Chief, European Command, United States Army, steps other than the closing of the German-Czechoslovak border which might be undertaken in the event Czechoslovak authorities refused to grant the request for the deportation of Hill and Jones. Riddleberger was informed that the Department of State did not believe that steps should be taken "at this time" which might lead to a severance in diplomatic relations (740.00119 Control (Germany)/4-849).

<sup>3</sup> In his telegram 497, April 6, from Praha, not printed, Ambassador Jacobs reported that he had that day sent a note to the Czechoslovak Foreign Ministry requesting a transcript of the testimony in the Hill-Jones trial and stating that pending its receipt the Embassy was reserving its position in the case (740.00119 Control (Germany)/4-649).

<sup>4</sup> Vavro Hadjů, Czechoslovak Deputy Assistant Minister for Foreign Affairs.

Justice on request for transcript and might have some news by Monday, April 11, but interjected that since Foreign Minister Clementis would be absent in Sofia for about ten days there might be delay.

I favor strong early action for following reasons: First, sooner or later we must take strong and firm action in connection with such abominable acts of satellite regimes. Second, in this particular case we have about as good a case as we could hope for since American people will be outraged at this travesty of justice and support strong action. Third, we just cannot afford in interest future US prestige and security of Americans in Czechoslovakia to allow these two soldiers to be treated in this manner without retaliation. Fourth, I fear that only strong action will accomplish desired results.

Before stating my recommendations wish to observe as follows:

Since Czechoslovakia is weak, if not weakest link in Iron Curtain, situation exists which it [*we?*] can continue to exploit to great advantage because of Czechoslovakia's contiguous border with Bavaria, USSR must realize this and, if it has not with malice aforethought incited Czechoslovaks to perpetrate this travesty, would perhaps welcome such strong action on our part as would bring about rupture of diplomatic relations notwithstanding obvious economic harm which would ensue both to Czechoslovakia and to USSR. In view obvious advantage keeping toe hold in this weak link, we must weigh carefully retaliatory steps which we take and select those which are likely to harm us least. Accordingly, I agree with General Clay (Frankfurt's 5, March 30, repeated Department 392<sup>5</sup>) that such steps should be confined primarily to those open to our military authorities in Germany since they are least likely to involve US and Czechoslovakia in retaliatory action toward one another.

When I suggested limited but immediate retaliation in mytel 432, March 29<sup>6</sup> (on which General Clay commented in Frankfurt's 5, March 30) I was speaking of sudden reflex action and not premeditated action which we are now considering. In case of former subsequent relaxation had to be envisaged; in case of latter, as General Clay correctly states, there can, or at least should be no relaxation until satisfaction is obtained.

In addition to stoppage international transit traffic, closure of border should include German-Czechoslovak traffic notwithstanding

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<sup>5</sup>Not printed; in it General Clay recommended that American military authorities in Germany break off all relations with Czechoslovak representatives until satisfaction was obtained from the Czechoslovak Government. Measures recommended by Clay included the prompt expulsion of all Czechoslovak officials from the American zone of occupation and the immediate closing of the frontier with Czechoslovakia to international transit traffic (740.00119 Control (Germany)/3-3049).

<sup>6</sup>Not printed; in it Jacobs had recommended the immediate but temporary complete closure of the Bavarian-Czechoslovak border to all rail and highway traffic as a method of emphasizing American refusal to condone the treatment of Hill and Jones (740.00119 Control (Germany)/3-2949).



ing some possible damage to German economy. First, chief sufferers (remember for our soldiers) would be Belgium Netherlands and Denmark (and to less extent France), who could complain and accuse us of favoring German economy at expense of theirs. Second, USSR would not fail to observe this fact and seize opportunity to use it to great propaganda advantage, especially in France which is sensitive on this question and in Czechoslovakia where fear of resurgent Germany is a bugaboo to all Czechoslovaks, Communists and non-Communists alike. The USSR theme would be that such action is another indication of "indecent" solicitude for Germany.

Strong action is now necessary for a recently developed and growing reason. Since we have done nothing and true facts are not known in Czechoslovakia, public opinion here is crystallizing around Communist theme that soldiers are really guilty of serious espionage and that the US is engaged in vast espionage efforts in Czechoslovakia. At same time Czechoslovak public is beginning to fall for corollary Communist theme that, with USSR's support, Czechoslovakia can do what it will with our nationals and we are powerless to prevent or to retaliate. Also along this same line of thought, I fear that if we do not take strong action soon, we shall not only lose prestige and support in Czechoslovakia but our own American public will, if full facts are revealed, become resentful and critical of failure to take effective measures.

Accordingly I shall see Deputy Hadju again and, as under instructions from my Government, leave with him *aide-mémoire* along lines directed in Deptel 436, April 8, which will lend strong support to what I have already told him since it will urge immediate deportation of soldiers and carries veiled threat that some action will be taken if soldiers are not released as *aide-mémoire* would contain quotation from Deptel 436: "Foreign Minister must realize that American Government can never countenance such miscarriage of justice involving American citizens."<sup>7</sup>

If deportation of soldiers is not effected or some other satisfactory proposal advanced by Foreign Office within reasonable time (say two weeks—longer interval than I would recommend if Foreign Minister Clementis were not absent), I recommend following course of action:

1. On basis prearranged schedule, General Clay would take following action:

(a) Order cessation all passenger and freight traffic across Bavarian Czechoslovakian border. This order would include

<sup>7</sup> In his telegram 523, April 11, from Praha, not printed, Ambassador Jacobs reported that he had seen Deputy Assistant Foreign Minister Hajdú at noon that day and had stressed particularly that the United States Government desired a copy of the Hill-Jones trial transcript and the release of the soldiers by deportation. Jacobs further stressed that the United States Government considered the trial a travesty of justice which it would not countenance. Hajdú appeared alarmed at the strong position taken (740.00119 Control (Germany)/4-1149).



trains, trucks and barge traffic (if any). There should be no exceptions. In order however to make it really watertight, our authorities in Germany would also have to take measures to prevent diversion of Czechoslovak-bound or Czechoslovak-origin traffic across Austro-German border. Also if present blockade between Soviet-US zone and British-Soviet zone is not sufficient to prevent similar diversion across those borders, steps should be taken to seal US-Soviet border to Czechoslovak-bound or Czechoslovak-origin traffic and to seek British assistance in similarly sealing British-Soviet border.

(b) Order all Czechoslovak offices in American zone closed except one, either at Frankfurt or Heidelberg, which office should, however, not be permitted to increase its staff because of closing of others. Since British and French are not happy over treatment of military permit office here as result of military-case they might be persuaded similarly to close all Czechoslovak offices in their zones except one in each zone. Have recommended leaving one office open in thought Czechoslovakia might then permit allied military permit office here to remain open; if not, then all Czechoslovak offices in all three zones should be closed; and

(c) Release full record of interview with soldiers in order to produce favorable reaction to strong military government action.

2. In sphere of US-Czechoslovak relations, suggest following which should be kept separate from General Clay's action on behalf military government;

(a) In response to press queries re Department's attitude on action taken, Secretary should especially emphasize that it was military government action;

(b) At appropriate time inform all Czechoslovak representatives either in USA or here engaged in negotiating or attempting to negotiate more favorable economic arrangements with US that negotiations and discussions that subject must cease pending release of soldiers:

(c) Possibly Department may also wish to refer incident to UN, or mention it as example in satellite states of gross denial of basic human rights but do not recommend this step during initial stages. (Section two will follow early tomorrow.)

### *Section Two*

I realize that foregoing recommendations are of drastic character which will either bring about release of soldiers or lead to completely new and difficult phase in US Czechoslovak relations notwithstanding fact that primary retaliatory action was that of Military Government. In order not to create, at least until that step becomes absolutely necessary, a face-saving situation from which Czechoslovakia would find it difficult to retreat, Department may consider it desirable for me, before retaliatory measures are imposed, to visit Foreign Minister Clementis upon his return and, without publicity, say that our patience and that of Military Government is exhausted and that Military Government will take drastic action (general nature of which I might

reveal to him) within say three to five days if men are not released within that interval.

In submitting my recommendations I have not been unmindful that one or more of following alternative steps might be taken: We could let border rest indefinitely in its present semi-closed status as result of Wildash case;<sup>8</sup> refuse to discuss any assistance of economic nature to Czechoslovakia; tighten still further our control over exports to Czechoslovakia; refuse continue issuance of Consular invoices for Czech exports to USA (which might lead to closing Consulate General at Bratislava and curtailing Consular functions in Praha); refuse to return four Czech planes now in Germany mentioned Deptel 438, April 9.<sup>9</sup> These planes are of little value to Czechoslovakia and our military authorities have declared themselves unwilling to withhold them for fear of retaliatory action by USSR against our planes making forced landings in Soviet Zone (re Heidelberg's 15 to Praha repeated Department 29, Berlin 18<sup>9</sup>); and stop all Czech commercial and other air flights over US Zone with probable result immediate cancellation of Pan American's flights to Praha and withdrawal our Air Attachés' planes. Due obvious disadvantages and lack of immediate effectiveness of these measures I have not proposed them.

Sent Department 518; repeated Heidelberg 65, Berlin 63.

JACOBS

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<sup>8</sup> On March 22, 1949, Cap. Philip Wildash, a British officer in the Combined Military Permit Office in Praha (an agency of the American-British-French Combined Travel Board in Germany which administered the issuance of travel permits for visitors to the Western zones of occupation of Germany) and a British vice consul, was arrested and interrogated by Czechoslovak police on charges of anti-state activity. Wildash was subsequently obliged to leave Czechoslovakia within 24 hours. Several Czechoslovak employees of the Military Permit Office were also arrested. British Embassy officials were convinced that the charges against Wildash were unfounded. In reaction to the arbitrary arrest and expulsion of Wildash, American, British, and French authorities agreed to the temporary closure of the Military Permit Office in Praha and the cancellation of outstanding permits issued by the Office. Certain categories of persons would not be affected, such as holders of diplomatic passports, bona fide emigrants, and nationals of Western countries. Negotiations continued through April and May between the American, British, and French Ambassadors in Praha and the Czechoslovak Foreign Ministry regarding the terms for the full resumption of operations by the Military Permit Office in Praha. Terms were finally agreed upon and set forth in an exchange of notes between the three Ambassadors and Czechoslovak Foreign Minister Clementis on June 30-July 1. In exchange for the resumption of the issuance of travel permits, Clementis confirmed that the personnel and premises of the Military Permit Office enjoyed immunities and privileges equivalent to those enjoyed by a foreign consular office. Documentation on the Wildash case and its consequences is in files 740.00119 Control (Germany) and 862.111.

<sup>9</sup> Not printed.

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### *Editorial Note*

On April 9, 1949, Vlasta Adele Vraz, the head of the Praha office of American Relief for Czechoslovakia, was arrested in Praha by

the Czechoslovak police. Miss Vraz appeared to have been arrested on suspicion of alleged "political" activities. On April 13, the Department of State issued to the press a statement describing the known circumstances of Miss Vraz' arrest and reviewing the many awards and commendations which she had received from the Czechoslovak Government for her relief services in Czechoslovakia. For the text of the statement, see Department of State *Bulletin*, April 24, 1949, page 536. The Embassy in Praha made repeated representations to the Czechoslovak authorities regarding Miss Vraz' arrest. On April 12 an Embassy representative was permitted to visit her in the presence of Czechoslovak Foreign Ministry and police officials. Miss Vraz was finally released on April 16 following delivery of a note of protest from Ambassador Jacobs to the Czechoslovak Foreign Ministry. The Ambassador's note expressed concern over the "sudden and drastic action" taken in arresting Miss Vraz and drew attention to the fact that Czechoslovak authorities had added another case to the increasing number which was arousing American public opinion over the treatment of American citizens in Czechoslovakia. The note demanded a complete report on Miss Vraz' arrest and her prompt release should charges against her prove to be unsubstantial. Soon after her release Miss Vraz closed the Praha office of her relief agency and returned to the United States.

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*Current Economic Developments*, Lot 70D467

*Current Economic Developments*

[Extract]

SECRET

[WASHINGTON,] May 2, 1949.

No. 200

NEGOTIATIONS WITH CZECHS FOR SETTLEMENT OF CLAIMS ADJOURNED

Washington negotiations for settlement of US compensation claims against Czechoslovakia were adjourned on May 3 and the Czech delegation has returned to Praha.<sup>1</sup> Three plenary sessions were held during which little progress was made. The unsatisfactory nature of the

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<sup>1</sup>The United States Delegation to these negotiations was headed by Paul H. Nitze, Deputy to the Assistant Secretary of State for Economic Affairs. The Czechoslovak Delegation was headed by Deputy Minister for Foreign Trade Evžen (Eugene) Loebl. Dr. Hugo Skala, Chief of the Planning Section, Minister of Finance, was one of his principal assistants.



meetings was caused in part by the defection of Skala, a high ranking member of the Czech delegation, who, shortly after arriving in this country, resigned to seek asylum here.

During the course of preliminary discussions held in Praha in February the Czechs agreed to a continuation of the negotiations in Washington. (See page 4, March 7, 1949 issue of *Current Economic Developments*.<sup>2</sup>) The purpose of the preliminary discussion was to obtain this agreement, and to bring out the chief issues concerned in arriving at a compensation settlement for property of US citizens which was nationalized by the Czechs.

During the Washington meetings which began on April 22, the US proposed an agenda which would settle the issues left unsettled in Praha, such as the question of crown investment, dual nationality and beneficial ownership, prior to consideration of the amount of a lump-sum settlement. However, the Czechs indicated that, as a result of Skala's resignation, they would require additional information and personnel from Praha in order to discuss these issues. They preferred therefore to start with a discussion of the amount of the settlement and possible US concessions, pointing out that these two items were interdependent. They proposed payment of \$20-\$25 million subject to favorable US action on loans and export licenses. The US delegation stated that this figure was too low, pointing out the previous drastic reduction of the US claim in order to reach a settlement. The Czechs discovered that they could not defend their figure or reduce the US figure of \$45 million without thorough discussion of the disputed issues. In response to their professed desire for a case-by-case analysis to ascertain the correct settlement figure, we proposed a mixed tripartite commission to examine the facts and adjudicate claims. Although the Czechs agreed to transmit this proposal to Praha, they indicated that they preferred to retain the problem within the scope of the two governments rather than to subject claims to an impartial third party. After some consideration of the case-by-case procedure, the Czechs realized that it was not feasible to approach the negotiation of a settlement from this direction because the outcome of the disputed issues would affect various categories of claims, which in turn would affect the total amount of settlement. They then suggested that negotiations be adjourned to permit their return to Praha to secure additional information and assistance on these issues. The delegation indicated its firm intention to return to Washington prepared to dis-

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<sup>2</sup> For the item under reference here, see p. 385.

cuss these issues, and we will supply the Czechs with our basic positions thereon. One member of the Czech delegation remained here to do some of the preparatory work for future meetings.

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800.00 Summaries/5-649: Circular telegram

*The Secretary of State to Certain Diplomatic Offices*<sup>1</sup>

TOP SECRET

WASHINGTON, May 6, 1949—6 a. m.

Topsec infotel. We have approved plan of action proposed by Amb Jacobs in Praha on detention two US soldiers by Czech auths on espionage charges.<sup>2</sup> Jacobs will make representations to Czech FonMin Clementis (infotel May 2, 4 a. m.<sup>3</sup>) and Clay will then inform chief of Czech mission Berlin that unless two soldiers are released promptly he will find it necessary revoke permission for Czech consular and other officials to remain in US zone of Germany. He may possibly hint that further and more drastic steps are under consideration. After allowing week for action to be taken Clay will ask Czech officials to depart from our zone Germany. Then press will be given entire story. We have agreed with Amb Jacobs that until that week has passed there should be no publicity since we want to avoid face-saving situation which would make it well nigh impossible for Czech auths to release two soldiers gracefully.

ACHESON

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<sup>1</sup> This telegram was sent to the Embassies in London, Moscow, and Paris.

<sup>2</sup> The plan of action under reference here was based on considerations and recommendations presented by Ambassador Jacobs in his telegram 518, April 9, from Praha, p. 393. The plan was developed during lengthy consultations between the Department of State, Department of the Army, the Embassy in Praha, and military and diplomatic authorities in Germany. Execution of the plan was delayed pending analysis of a note of April 20 from the Czechoslovak Ministry of Foreign Affairs to the Embassy in Praha. The lengthy note, which purported to describe the alleged espionage activities of Hill and Jones, was accompanied by photostatic copies of the handwritten confessions of the two soldiers. American authorities in Praha, Washington, and Germany agreed that the whole case against the two soldiers was a clumsy fabrication by the Czechoslovak security police who had used various interrogation methods to extort controlled confessions.

<sup>3</sup> The circular telegram under reference, not printed, summarized instructions sent to Ambassador Jacobs in Praha. Jacobs was to address a short communication to the Czechoslovak Foreign Ministry rejecting the allegations contained in its note of April 20 (see the previous footnote) and to refute them orally. The Ambassador further was to state that General Clay might be obliged to take certain measures unless the problem of Hill and Jones was satisfactorily resolved (800.00 Summaries/5-249). Jacobs met with Foreign Minister Clementis and Deputy Assistant Foreign Minister Hajdů on May 9 and presented an *aide-mémoire* rebutting the allegations of the Czechoslovak note of April 20. In his report on the meeting (telegram 701, May 9, from Praha, not printed), Jacobs felt that Clementis and Hajdů had indicated that a favorable solution to the case might soon be reached (740.00119 Control (Germany)/5-949).

860F.00B/5-1149 : Telegram

*The Secretary of State to the Embassy in Czechoslovakia*

SECRET

WASHINGTON, May 11, 1949—4 p. m.

549. Munich Desp. 113 Apr. 14,<sup>1</sup> report No. 54 MA Bern Apr 20 rptd MA Praha and summarized Bern's 9 Apr 22<sup>2</sup> allude to sensational developments Czecho Communist Party which may be accentuated by current internatl developments.

As we view situation differences between Czecho and USSR re econ assistance are within realm possibility and dissension among Czecho Communist leaders likely. Communist Congress May 25 to 29 provides excellent opportunity settling accts. Hence expect exacerbation intraparty strife in immed future with opposing factions jockeying for support lower party functionaries and delegates chosen attend Congress. Do not envisage Tito-like development but consider moderates able hold their gen position especially in view likelihood widespread dissatisfaction lower echelon party officials as result increasing Moscow pressure and exploitation. Expect avoidance open conflict, Gottwald<sup>3</sup> retain chairmanship party and few outward changes to take place. Nevertheless changes composition inner Party comms which might not be published are important and worth careful investigation. Believe outcome struggle might be determined by position taken Zapotocky,<sup>4</sup> provided he can effectively control rank and file trade unions.

Wld appreciate your appraisal this view, and evaluation Zapotocky's attitude and relative power in Party. If you concur this analysis would appreciate recomandations possibility our exploitation present struggle in Communist Party and imminent showdown at Congress toward weakening hold Moscow Communists or preventing change *status quo* in favor Moscow. Believe no chance however small toward this end should be overlooked. Continuing econ deterioration and symptoms awareness some Czecho Communists that closer econ ties with West desirable might provide entering wedge. At the same time, great caution shld be exercised not to give impression that US

<sup>1</sup>Not printed; it reported the substance of a Munich newspaper account of alleged sensational changes in the offing in the leadership of the Czechoslovak Communist Party (860F.00B/4-1449).

<sup>2</sup>Not printed; it reported the substance of a Bern newspaper story regarding the alleged confiscation in Praha of several issues of the Soviet newspapers *Pravda* and *Izvestia* because of articles which might upset Czechoslovak public opinion (760F.61/4-2549).

<sup>3</sup>Klement Gottwald, President of Czechoslovakia and Chairman of the Czechoslovak Communist Party.

<sup>4</sup>Antonín Zápotocký, Czechoslovak Prime Minister, Member of the Politburo of the Czechoslovak Communist Party and Chairman of the Czechoslovak Trade Union Council.



condones nationalist Communist regimes. Similarly our belief Czecho essentially Western nation and will return to community democratic countries shld be reiterated.

ACHESON

860F.00/5-1649 : Telegram

*The Ambassador in Czechoslovakia (Jacobs) to the Secretary of State*

SECRET

PRAHA, May 16, 1949—midnight.

732. Ref Deptel 549, May 11.<sup>1</sup> Praha seems to be currently in grip of one of its intensifications of rumor circulation. As was case during last such period, reported Embtel 204, February 14,<sup>2</sup> there are current developments which might be entirely responsible for stimulation of rumor mills: (1) difficult economic situation which is obviously not being ameliorated by Soviet aid to extent publicity at end Moscow conversations December<sup>3</sup> would lead one to expect; (2) imminence ninth party congress; (3) uncertainty re Soviet policy as result lifting Berlin blockade;<sup>4</sup> and (4) recent defection two trusted officials, Skala and Korbel.<sup>5</sup>

As indicated Deptel 259, February 25 reports of censoring of issues of *Pravda* and/or *Isvestia* have been heard here for sometime but apparently have no basis in fact.<sup>6</sup> More explicit rumor on USSR-Czech economic relations is that when Stalin met with Czech delegation in December, he indicated that Soviet "peace" efforts are of paramount importance for which Soviet must conserve her resources but that in case of necessity Soviet Government would consider action which would be harmful to present interests her allies and would relax bond between them. Other current rumors and reports include following: (1) Communist Party is moving its archives to Ostrava and Kosice;

<sup>1</sup> *Supra*. Telegram 750, May 21, from Praha, not printed, reported that the current rumor wave had developed into an atmosphere of fear and tension exceeding anything since the death and funeral of former President Eduard Beneš in October 1948.

<sup>2</sup> Not printed; it reported that Praha was experiencing an unusually intensive circulation of rumors regarding conflicts within the leadership of the Czechoslovak Communist Party (860F.00/2-1249).

<sup>3</sup> The reference here is presumably to the conversations eventuating in the Czechoslovak-Soviet trade agreement for 1949 signed in Moscow on December 12, 1948.

<sup>4</sup> For documentation on the ending of the Berlin blockade, see vol. III, pp. 643 ff.

<sup>5</sup> Regarding the defection of Hugo Skala, see *Current Economic Developments*, No. 200, May 2, p. 398. Pavel Korbel, Chief of the Legal Division, Office of the Czechoslovak Prime Minister and Chief of the Cabinet Secretariat (1945-1949), fled to exile in April 1949.

<sup>6</sup> Not printed.

(2) Zapotocky is increasingly unpopular in party; (3) he and Erban <sup>7</sup> are to be separated from trade unions (Embassy's A-363, May 12 <sup>8</sup>); (4) Social Democratic Party is to be reconstituted with stooge leaders (Fierlinger <sup>9</sup> *et al*) who betrayed party at time of coup; (5) manufacture of placards calling for nationalization of retail trade and collectivization of agriculture has been stopped; (6) Zorin <sup>10</sup> is here to settle disputes arising in connection with party congress; and (7) CFM meeting will agree on free elections in Czechoslovakia.<sup>11</sup>

As elaborated in Embtel 204, February 14 Embassy attaches some significance to this intensified rumor circulation but does not feel it can be regarded as solid evidence that intra-party dissension of type described Department's reftel exists.

Although party members and even lower level party units occasionally get out of line, they are promptly disciplined and Embassy has definite feeling that present Czechoslovakia Communist Party leadership is still orthodox, well disciplined group which would not long tolerate "opposing factions jockeying for support". Such information as we have indicates that disputes are at top party levels and on personal rather than organizational plane. At this stage these disputes appear to be less between pro and anti Muscovites than between good Communists who do not reject Moscow's policy leadership although they may differ on tactics to be adopted in specific situations.

In these circumstances we see no immediate opportunity to exploit situation. We therefore feel that best course for moment is to maintain present firmness US policy toward Czechoslovakia unchanged and attempt no maneuvers or statements here which could and probably would be distorted and given exaggerated importance as indications either of weakening or of increased intransigence.

Embassy will of course continue follow situation and keep Department informed.

Sent Department 732, repeated Moscow 14.

JACOBS

<sup>7</sup> Evžen Erban, Czechoslovak Minister of Labor, Secretary General of the Czechoslovak Trade Union Council and member of the Central Committee of the Czechoslovak Communist Party.

<sup>8</sup> Not printed.

<sup>9</sup> Zdeněk Fierlinger, Czechoslovak Deputy Prime Minister and member of the Politburo of the Czechoslovak Communist Party.

<sup>10</sup> Valerian Aleksandrovich Zorin, Deputy Minister for Foreign Affairs of the Soviet Union.

<sup>11</sup> For documentation on the Sixth Session of the Council of Foreign Ministers, held at Paris, May 23-June 20, see vol. III, pp. 856 ff. This session was devoted exclusively to German and Austrian issues. Czechoslovakia was not discussed.

740.00119 Control (Germany)/5-1949: Telegram

*The Ambassador in Czechoslovakia (Jacobs) to the Secretary of State*<sup>1</sup>CONFIDENTIAL  
NIACT

PRIORITY

PRAHA, May 19, 1949—6 p. m.

741. Reference Hill Jones case. Foreign Minister Clementis sent for me this morning and I saw him and Hajdu from noon to 1:30 with following results:

1. He showed me telegram quoting note Snejderek had received from our authorities in Berlin yesterday<sup>2</sup> and expressed surprise that our military authorities had threatened such strong action since he had told me that within two weeks or less from date my visit May 9<sup>3</sup> he would have favorable news. I replied that he had said my *aide-mémoire*<sup>4</sup> provided basis for new consideration of case but he had not given me positive assurance that men would be released within period to which he referred. I also pointed out that Hajdu himself had said matter had been decided by courts and that judicial authorities would have to be consulted.

2. Clementis then said President Gottwald had only yesterday May 18 signed pardon for Hill and Jones and he had actually asked his secretary yesterday afternoon to make appointment to give me good news. He added it was fortunate he had not received Snejderek's telegram before pardon signed or otherwise it would not have been.

3. Discussion then ensued as to what could be done, both Clementis and Hajdu, especially latter, insisting that our military authorities withdraw their letter. They objected to first part of letter which, while stating I had reported failure obtain release of men, contained no

<sup>1</sup> Because of its length, this telegram was transmitted in three parts, all of which were received in Washington on the afternoon of May 19.

<sup>2</sup> Telegram 760, May 19, from Berlin, not printed, reported that on the previous day Lt. Gen. C. R. Huebner, Commander in Chief, U.S. European Command, presented the following communication to the Acting Chief of the Czechoslovak Military Mission at Berlin, Snejderek:

"I have been informed by the American Ambassador at Praha of our Embassy's disappointment at the failure of its patient efforts, extending over a period of 5 months, to obtain justice in the case of 2 soldiers of my command, Clarence Hill and George R. Jones. These men are under long prison sentences in Czechoslovakia on trumped-up and entirely inadmissible charges of 'espionage' following what can only be considered a mock trial.

"I wish to record my own regret at that travesty of justice and to notify you that, if these 2 soldiers are not released promptly, I shall find it necessary to revoke permission for all Czechoslovak officials to remain in the US zone." (740.00119 Control (Germany)/5-1949)

<sup>3</sup> Regarding the May 9 visit under reference here, see footnote 3 to the circular telegram of May 6, p. 400.

<sup>4</sup> The *aide-mémoire* referred to here, handed to Clementis during Ambassador Jacobs' visit of May 9, was transmitted to the Department in copy as an enclosure to despatch 306, May 10, from Praha, neither printed (740.00119 Control (Germany)/5-1049).



reference to Clementis promise that favorable results might be obtained within two weeks.

4. After this lengthy and at times rather heated discussion, we finally arrived at following *modus operandi* (a, b, c and d) which I said I would submit to my government for consideration and instructions. It has my approval except as indicated in paragraphs 5, 6 and 7 below. *End part one.*

[*Part Two of Three*]

a. Since pardon has been granted, men can be released about next Sunday or Monday.

b. Czechoslovakia authorities unwilling actually hand men over to our military authorities in absence extradition agreement, especially since those authorities are constantly accepting "deserters" from Czechoslovakia whom they claim to be "political refugees". Men must leave Czechoslovakia but will be permitted to choose where. I inquired whether this was subterfuge to allow men proceed to another satellite country. Reply was "probably not" because of visa difficulties men would encounter in entering such countries. We then hit upon idea of allowing Consul Parry and Capt. McNamara interview men on Saturday morning (if this *modus operandi* is approved) and arrange with them for their return to Bavaria, most likely via Rosovodov, only existing port of exit. If men agree Foreign Office will then inform Embassy exact date, approximate time and place when men will reach and cross border so our authorities can be ready receive them. According present planning this could be as early as Sunday or Monday, May 22-23.<sup>5</sup>

c. Our military authorities will send another letter to Czechoslovakian representative in Berlin declaring that their letter May 18 may be considered as "not having been handed over" and indicating that said letter was based on "misunderstanding" of results of conversation of May 9 between Foreign Minister of Czechoslovakia and American Ambassador. Words quoted are insisted upon by Clementis and Hajdu, again particularly Hajdu. I argued, since President of Czechoslovakia had already granted pardon before letter was dispatched, that simple verbal request for return of letter might suffice.

d. There should be no publicity about release prior to agreement on proposed *modus operandi* and none at any time to threat contained in letter of our military authorities. Clementis and Hajdu also do not want us to publish notes exchanged on this case of statements prepared by Parry and McNamara of their interview with men. *End of part two.*

[*Section Three of Three*]

5. Realize foregoing is not exactly to my liking and that both Department and our military authorities will have same reaction. How-

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<sup>5</sup> American and Czechoslovak authorities subsequently agreed to a plan for the return of Hill and Jones generally following the proposal outlined here. The two soldiers were released at the border check point of Eisenstein (Železna Ruda) on the afternoon of May 22 and were taken into custody by the U.S. Constabulary.

ever, since primary purpose our efforts is to get men released, since Czechoslovakian authorities now know from letter of our military authorities we were prepared retaliate, and since full pardon by President of Czechoslovakia, coming so soon after trial, is obvious admission of some miscarriage of justice, recommend, subject to observations in paragraphs 6 and 7 below, approval of *modus operandi* as most expeditious method of getting men across border into Bavaria by next Sunday or Monday.

6. Since phraseology for withdrawal military authorities letter (paragraph *c* above) may not be acceptable, possibly could persuade Clementis to accept some such substitute as following (which however should not be sent until men are actually released and in our hands): "Since American Ambassador in Praha has advised that President of Czechoslovakia had actually pardoned Hill and Jones on May 18 prior to despatch of my letter of that date and since I did not know that Foreign Minister Clementis had wished to convey to Ambassador on May 9 a definite promise that favorable action on release of Hill and Jones would be forthcoming within 2 weeks from that date, you can consider my letter of May 18 as never having been sent."<sup>6</sup>

7. As regards publicity, if we agree withdraw letter, feel we cannot publicize threat contained therein but we could and probably should tell press that military authorities did make representations to Czech representative in Berlin. Also see no need to publicize any of notes exchanged between Embassy and Foreign Office however in interest of justice and to let American public know we made strong effort obtain release these men, feel correspondents here, Germany and Washington might be shown, as background material, text my *aide-mémoire* handed Clementis May 9 and airmailed Department, Berlin and Heidelberg May 10.

8. If foregoing not approved, only alternative I see is for Department to instruct me to tell Foreign Minister that matter passed from my hands to military authorities as indicated last paragraph my note 334 May 9 which would transfer negotiations to Berlin.

9. Am awaiting instructions before proceeding further. *End Message.*

Sent Department 741, repeated Berlin 99, Frankfurt 42, Heidelberg 103.

JACOBS

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<sup>6</sup> Telegram 832, May 26, from Berlin, not printed, reported that Acting Political Adviser for Germany Riddleberger, upon instruction from the Department of State and authorization by Lieutenant General Huebner, had informed Snejderek that inasmuch as Hill and Jones were in American custody, General Huebner wished to withdraw his letter of May 18 as being no longer applicable to the situation. Snejderek, who promised to communicate the information to his government, appeared to indicate by his attitude that the Hill-Jones case could be considered closed (740.00119 Control (Germany)/5-2649).



*Editorial Note*

In a statement issued to the press on June 23, Secretary of State Acheson took note of the current attack by Czechoslovak authorities on the position of Archbishop Josef Beran and called attention to the fact that it represented a critical point in the calculated campaign of a totalitarian dictatorship to make impossible the preservation of the freedom and rights of religious organizations in Czechoslovakia. The Secretary further observed that the effort to subvert religious organizations in Czechoslovakia followed the pattern of repression previously established in Hungary, Bulgaria, and other countries of Eastern Europe under authoritarian Communist regimes. For the text of the Secretary's statement, see Department of State *Bulletin*, July 11, 1949, page 30. In a statement issued to the press on July 20, the Secretary of State took note of the further measures by the Czechoslovak Government to suppress freedom of religion in defiance of Czechoslovakia's commitments under the United Nations to preserve human rights. The Secretary stated that the Government and the people of the United States deplored the actions of the Czechoslovak regime. For the text of this statement by the Secretary, see *ibid.*, August 1, 1949, page 148.

The Embassy in Praha reported regularly and in detail on the Czechoslovak Government's campaign of repression against religious organizations. Materials on this topic are included in Department of State file 860F.404.

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501.BB/8-349 : Telegram

*The Secretary of State to the United States Mission at the  
United Nations, at New York*

CONFIDENTIAL

WASHINGTON, August 5, 1949—5 p. m.

408. Reur 888 Aug 3<sup>1</sup> our feeling is it most unlikely US would be willing to place on agenda of Fourth GA an item on Czech govt moves against Catholic Church. We make sharp distinction between Czech matter, where only Charter provisions are involved, and treaty violations by ex-enemy states bound by specific provisions of peace treaties to certain standards of conduct.

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<sup>1</sup>Not printed. It reported that the United States Delegation to the United Nations had been approached by Jan Papanek (former Czechoslovak Permanent Representative to the U.N.), representing a group of Czechoslovak exiles, who were preparing material on recent Czechoslovak Communist attacks on the Catholic Church for possible submission to the U.N. General Assembly session scheduled to begin September 21. Papanek wished to know if the United States would sponsor such an agenda item for the General Assembly or whether the United States would support a resolution on the subject sponsored by some Latin American nation (501.BB/8-349).



It is impossible for us to give any indication at this stage as to what the US position would be if another country were to raise this question in GA. Insofar as UN action is concerned case involves one of most controversial areas of human rights field, and we are by no means certain that general support could be obtained for any resolution which might be proposed. Even in cases of Hungary and Bulgaria we recall that twenty GA dels abstained on vote to place item on agenda and that many dels were very reluctant to support GA action beyond discussion and a resolution making reference to the treaty proceedings. This reluctance stemmed from fear of UN interference in matters of domestic jurisdiction as well as some feeling that UN action could not realize any concrete result. While we do not question GA competence in human rights field, it is our view that at this stage GA action should be focused primarily on the attainment of agreement on common standards and on effective assistance in the settlement of problems of international concern. On basis present info we cannot see clearly what useful result GA would achieve by discussion of Czech case and are apprehensive that an inconclusive discussion might result in indefinitely retaining the question on GA agenda and in impairing future potentialities of GA in field of human rights. Unless our doubts can be overcome, we should find it difficult to play an active or leading role in the consideration of such a question.

Pls communicate these views to Papanek, indicating that, while we do not intend to discourage any govt from placing this matter on GA agenda—in line with our general policy of favoring full discussion in GA of matters within scope of Charter—we look with some apprehension, on basis of info now available to us, on any move to introduce the Czech-Church problem at this time.

We would be interested in having any detailed info Papanek may wish to make available to us.

ACHESON

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*Editorial Note*

At his press and radio news conference on October 12, Secretary of State Acheson was asked about the recent wave of arrests in Czechoslovakia. The Secretary replied that the United States Government regarded it as another example of the terroristic tactics which were being employed in the Soviet satellite states. He said further that it was a quite familiar method of mass arrest which was calculated to terrorize the population and to suppress any dissent whatever from the purposes and practices of the regime (Memorandum of Press and Radio News Conference No. 38, October 12, 1949: News Division Files). The information and opinion of the Embassy in Praha regarding the large-scale arrests in Czechoslovakia were transmitted to

the Department in a number of telegrams culminating in telegram 1557, October 20, from Praha, not printed (860F.00/10-2049). It was the impression of the Embassy that the arrestees, probably numbering 10,000 or less, were almost all doctors, lawyers, and other professional people and businessmen and were being assigned to labor camps in the uranium mines and heavy industrial areas of western Bohemia.

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123 Patch, Isaac : Telegram

*The Chargé in Czechoslovakia (Penfield<sup>1</sup>) to the Secretary of State*

SECRET      PRIORITY  
 NIACT

PRAHA, October 22, 1949—3 p. m.

1579. Embtel 1568 and previous.<sup>2</sup>

1. Embassy in extremely exposed public relations position not only because of impressions senior officers caught red-handed directing espionage but because suggestion incompetent bungling of entire operation will involve great loss prestige.

2. Our strongest points appear to be :

(1) Patch's innocence (even Czechoslovak note states he "was carrying out this function for a comparatively short time" and "was relieved of this function") and Czechoslovak insistence on his departure in 24 hours on grounds that, in Hajdu's words, he was "too great a danger to the Republic"; and

(2) Ability make issue of Czechoslovak activities both here and probably in US far worse than those they accuse us of.

3. Department may therefore want to use this opportunity for strong note rounding up history Czechoslovak Government's deliberate campaign to make normal diplomatic intercourse between our two

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<sup>1</sup> In May 1949 President Truman accepted the resignation of Joseph Jacobs as Ambassador in Czechoslovakia and announced the appointment of Ellis O. Briggs, currently Ambassador in Uruguay, as his successor. The Senate confirmed Briggs' appointment in August. Jacobs remained at his post until October 12 when Counselor of Embassy James K. Penfield assumed charge of the Embassy pending the arrival of Ambassador-designate Briggs.

<sup>2</sup> In a note of October 21 to the Embassy in Praha, the text of which was transmitted to the Department of State in telegram 1566, October 21, from Praha, not printed, the Czechoslovak Foreign Ministry described in some detail an alleged espionage network in Czechoslovakia organized and directed by former and current personnel of the Embassy. The Foreign Ministry protested the purported activity of Embassy personnel, demanded the departure from Czechoslovakia within 24 hours of Isaac Patch, Assistant Attaché of the Embassy, and announced the intention of the Czechoslovak Government to arrest Samuel Meryn, a translator employed by the Military Attaché (123 Patch). The note of October 21 was published in the Czechoslovak press on October 22. In his telegram 1568, October 21, from Praha, not printed, Chargé Penfield reported on a brief conversation with Deputy Assistant Foreign Minister Hajdů regarding the October 21 note. Hajdů refused to grant a delay for Patch's departure (123 Patch, Isaac). Patch left Czechoslovakia on the afternoon of October 22. Meryn was arrested on the afternoon of October 21 and was held incommunicado until October 29.

countries impossible and irregular Czechoslovak activities in US (if substantial evidence available). For this purpose note would refer to all possible matters supporting these charges regardless of relevance to present case, including:

- (1) Arrest Czechoslovak citizens leaving USIS premises,
- (2) Questioning of Czechoslovak citizens leaving Embassy by secret police,
- (3) Press campaign designed intimidate Czechoslovak population into believing Embassy nest espionage agents with whom dangerous to associate.
- (4) Planting of elaborate listening devices in homes of Embassy personnel.
- (5) Interference with Embassy mail.
- (6) Deliberate frame-up through forced confession to espionage of two American soldiers.<sup>3</sup>
- (7) Kliachko case (apparently involving espionage charges even though Embassy not directly brought in) etc.

Above indicates considered policy Czechoslovak Government to isolate diplomatic community and create atmosphere in which mere visit by diplomatic official to a Czechoslovak citizen can be construed as directing espionage against state. Patch is case in point. Czechoslovak note suggests his only crime was probably that of being introduced to Czechoslovak supposedly later arrested and charged with espionage. Note would also point out that on basis police methods to which US soldiers subjected it is not surprising that Czechoslovak authorities are able exact any kind of confessions they desire which can easily be supported by producing radio sets and other props. Therefore, US Government cannot accept charges as being supported by "irrefutable proofs", rejects accusation that Embassy directed any anti-state espionage in Czechoslovakia and protests this latest incident in a systematic campaign of vilification and intimidation designed to make it impossible for Embassy to function in its normal diplomatic capacity.

4. Regardless of whether Department considers above line advisable, Embassy suggests that as automatic reflex a Czechoslovak diplomat (preferably one on which there is some evidence) be ordered leave within 24 hours.

5. It is also hoped VOA treatment of case will be carefully considered. One angle which might be worth playing is to suggest this case is essentially slavish following of lead given by USSR in Bucar<sup>4</sup> and similar cases. Basic angle would be to spell out rationale in above

<sup>3</sup> The reference here is presumably to the case of George R. Jones and Clarence R. Hill: see pp. 391-406, *passim*.

<sup>4</sup> Regarding the case of Annabelle Irene Bucar, a former clerk in the Embassy in Moscow, see despatch 129, March 4, from Moscow, p. 581.



suggested note as a logical explanation to the Czechoslovak population of why Czechoslovak Government has taken present step.

PENFIELD

123 Patch, Isaac: Telegram

*The Secretary of State to the Embassy in Czechoslovakia*

SECRET

PRIORITY

WASHINGTON, October 26, 1949—11 a. m.

NIACT

1081. You shld reply to note urtel 1568<sup>1</sup> substantially as fol with whatever additions status your efforts interview Meryn<sup>2</sup> wld indicate:

"Amer Chargé has honor to ack receipt Ministry's note Oct 21 demanding immed departure Mr. Isaac Patch, Asst Attaché Amer Emb, and informing Emb of intention to arrest Mr. Samuel Meryn, an Amer citizen and Emb employee. Ministry states this action taken on basis 'irrefutable proof' that these persons were directing an espionage organization on Czech territory and alleges that certain other officers previously attached to Emb have also been engaged in such activities.

"Amer Chargé has been instructed by his Govt to reject as completely unfounded the allegations that Emb directed espionage in Czech against the Czech State and cannot accept these charges as based on 'irrefutable proof'. The US Govt cannot admit the principle that mere contact by its officials abroad with the citizenry of a friendly country constitutes espionage.

"In conformity with usual international practice, this Govt has acceded to the request for departure of Mr. Patch, but expresses astonishment at the unusual and drastic demand for departure in 24 hours.

"US Govt particularly concerned with apparent Czech Govt disregard principles international law in the arrest of Samuel Meryn, a clerk of Emb. Under the generally accepted principles of international law, the immunities to which a Chief of Mission is entitled are shared by his retinue or suite which includes clerks employed by the diplomatic mission. In view this principle under which a member of the suite enjoys immunity from local civil and criminal jurisdiction, this Govt does not understand statement in note stating Meryn not entitled to diplomatic immunity and demands that he be released immed to jurisdiction Amer auths. The US gov't is reluctant to believe that the Czech Govt intends to embark on a course of disregarding this well-established principle of international law."<sup>3</sup>

<sup>1</sup> Regarding the Czechoslovak Foreign Ministry note of October 21 and the telegram under reference here, see footnote 1 to telegram 1579, October 22, from Praha, p. 409.

<sup>2</sup> After repeated Embassy representations, an Embassy officer was finally allowed to visit Meryn in jail in Praha on October 29.

<sup>3</sup> The principal points made in these quoted paragraphs were repeated by the Secretary of State in a statement which he read to his press and radio news conference on October 26. For the text of the Secretary's statement, see Department of State *Bulletin*, November 7, 1949, p. 710. A note closely following the text quoted here was delivered by the Embassy in Praha to the Czechoslovak Foreign Ministry on October 27. In a note of November 4 to the Embassy in Praha, not printed, the Czechoslovak Foreign Ministry rejected the protestations contained in the Embassy's note of October 27 and rejected the American contention that all employees of the Embassy, whether included in the official diplomatic list or not, had immunity as a member of the Ambassador's suite (123 Patch, Isaac).

FYI Dept investigating possibility arrest and imprisonment two Czech agents in Ger if demand for Meryn's release refused. In presenting note you shld orally imply that failure of Czech Govt to recognize dipl immunity in this case may have unpleasant consequences and you shld endeavor to convince Czech officials that easiest solution of problem wld be for them to deport Meryn.

Dept deeply concerned with principle involved in Meryn case since it threatens to destroy basis of protection of Amer clerical staff of missions behind curtain and has far reaching implications future size and effectiveness these missions.

In separate note briefly reject charges against Heyn along lines of second para of note quoted above.<sup>4</sup>

Dept considering request immed departure without stating grounds of CG New York Ervin Munk and Emb housekeeper Jan Horvath in retaliation Patch's expulsion and that of John Heyn urtel 1604, Oct 25.<sup>5</sup>

ACHESON

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<sup>4</sup> In a note of October 25 to the Embassy in Praha, not printed, the Czechoslovak Foreign Ministry accused Embassy Assistant Attaché John G. Heyn of espionage activities and demanded his departure from Czechoslovakia within 24 hours (telegram 1604, October 25, from Praha). In a note of October 27 to the Foreign Ministry, the text of which was transmitted to the Department in telegram 1619, October 27, from Praha, not printed, the Embassy categorically denied the allegations against Heyn (123 Patch, Isaac). Heyn, who was not in Czechoslovakia at the time of the October 25 note, was instructed not to return to Praha.

<sup>5</sup> In a statement issued to the press on October 31, the Department of State announced that it had informed the Czechoslovak Embassy that Dr. Ervin Munk, the Czechoslovak Consul General at New York, and Jan Horvath, a housekeeper at the Czechoslovak Embassy, were *presonae non gratae*. Their immediate withdrawal from the United States was requested. The departure was subsequently postponed until November 8.

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121.5460F/11-849: Telegram

*The Ambassador in Czechoslovakia (Briggs) to the Secretary of State*

SECRET

PRAHA, November 8, 1949—1 p. m.

1671. After usual exchange of amenities during "private" conversation with President (in presence of Acting Foreign Minister,<sup>1</sup> chief of protocol, and two presidential aides) I took up Meryn case along

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<sup>1</sup> Viliam Široký, Czechoslovak Deputy Prime Minister, Chairman of the Slovak Communist Party, and member of the Politburo of the Czechoslovak Communist Party, served as Acting Foreign Minister while Foreign Minister Clementis headed the Czechoslovak Delegation to the Fourth Session of the United Nations General Assembly in New York.



lines indicated Embtel 1658 November 5.<sup>2</sup> I stated could not speak from personal knowledge in regard to matters occurring before my arrival here, but that an examination of file had convinced me that both governments had adopted strong and divergent positions which had been set forth in official notes exchanged. I said that in precisely the spirit described in my credentials remarks, I desired to go forward in the discharge of my new responsibilities rather than to be engaged in argument regarding the past. Therefore I inquired whether, likewise in the spirit of the President's reception of my credentials, the best solution would not be to dismiss the case with the assurance that Meryn would immediately leave the country.

Considerable discussion ensued. The President said that my suggestion would be more palatable were it not for fact that Meryn had engaged in highly improper activities. (Gottwald had apparently been well briefed thereon and cited alleged chapter and verse at some length.) He observed that his government could not tolerate officials and employees of American Embassy engaging in this sort of thing, and he concluded by asserting that Meryn is "undoubtedly guilty". I indicated that this was the sort of altercation over past which I had hoped we might avoid, in order to go forward with clean slate. I took occasion to declare, however, that from this point on I wished to assure him that—leaving aside the Meryn case and the views which both governments have expressed thereon—the members of Embassy staff would henceforth proceed in a correct fashion. I said that if at any time his government felt they were proceeding otherwise or if he had any complaint to make in regard to the conduct of our personnel, I would be the first one to be concerned and would appreciate being informed. I could assure him, furthermore, that if at any time a member of Embassy staff had acted improperly I should also be the first to seek to take appropriate corrective action.

After further fencing during which the President asked for a re-translation of my assurance re staff conduct, Gottwald said that on consideration he agreed it would be desirable to liquidate the Meryn

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<sup>2</sup> Ellis O. Briggs, previously Ambassador in Uruguay, was named by President Truman in May to become Ambassador in Czechoslovakia. The Senate confirmed the appointment at the end of August, and Briggs arrived in Praha at the beginning of November. The conversation described here occurred in connection with Ambassador Briggs' presentation of his credentials to President Gottwald. The text of the Ambassador's remarks to Gottwald and the latter's reply were transmitted to Department as enclosures to despatch 681, November 10, from Praha, not printed (123 Briggs, Ellis O.).

In telegram 1658, November 5, from Praha, not printed, Ambassador Briggs reported that he had made his first call on Acting Foreign Minister Siroký who strongly restated the Czechoslovak position on the Meryn case. Briggs further reported that if the case continued to remain unresolved he intended to urge President Gottwald to deport Meryn in order to start with a clean slate (121.5460F/11-549).



case and that Meryn would accordingly be turned over to Embassy, on understanding that we would arrange immediate departure from Czechoslovakia.

Details are being arranged with Foreign Office and will be telegraphed soon as concluded.<sup>3</sup>

BRIGGS

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<sup>3</sup> Telegram 1675, November 8, from Praha, not printed, reported that Meryn had been released that afternoon and had departed for Germany shortly thereafter (121.5460F/11-849).

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860F.00/11-2949 : Telegram

*The Ambassador in Czechoslovakia (Briggs) to the Secretary of State*

SECRET

PRAHA, November 29, 1949—noon.

1767. Though Embassy inclined to view as academic differences between British attitude and that of Embassy Moscow toward possibility Clementis defection (re Moscow's 2926, November 25) it does not share Moscow's surprise at British contention.<sup>1</sup> Without intention discount previous propaganda and possible intelligence benefits his defection, nor with any intention give impression his influence on basic policy is decisive, Embassy feels it is important to understand that he constitutes definite moderating influence in our day to day relations with Czechoslovak Government, in which it is most helpful to be able to deal with relatively reasonable person who understands West.

Sent Department 1767, repeated London 46. Department pass Moscow 30.

BRIGGS

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<sup>1</sup> Telegram 4100, November 14, to London, repeated to Praha as 1147, not printed, reviewed recent reports that Foreign Minister Clementis, in New York as the head of the Czechoslovak Delegation to the United Nations General Assembly, might be contemplating to defect. The Department viewed the reports with skepticism (860F.00/11-1449). Telegrams 4574, November 16 and 4757, November 29, from London, neither printed, reported that officers of the British Foreign Office felt it would be in the best interests of the West if Clementis returned to Czechoslovakia and continued either as Foreign Minister or as a dissident Communist (860F.00/11-1649 and 860F.00/11-2949). Telegram 2926, November 25, from Moscow, not printed, expressed surprise at the British view and suggested that every effort be made to encourage Clementis to defect (860F.00/11-2549).

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860F.00/11-3049 : Telegram

*The Ambassador in Czechoslovakia (Briggs) to the Secretary of State*

SECRET

PRAHA, November 30, 1949—7 p. m.

1779. Had first business discussion with Acting Foreign Minister Siroky this morning, talk lasting two hours, with Hajdu and Penfield present.

Took up with Široký:

- (1) Intentions Czechoslovak Government re continuation nationalization compensation negotiations;<sup>1</sup>
- (2) Censorship and confiscation USIS Czechoslovak language bulletin;
- (3) Distribution of *Amerika*;<sup>2</sup>
- (4) Increasing numbers American correspondents refused Czechoslovak visas;
- (5) Expulsion American missionaries;
- (6) Field case;<sup>3</sup>
- (7) Hvasta case;<sup>4</sup>
- (8) Police surveillance Embassy and Consulate Bratislava and interrogation of various emerging callers.

Except for claims, Široký professed ignorance immediate status other matters, but promised look into them and inform me. His general attitude was cordial and his comments frequently outspoken. Remarks were interspersed with occasional rather bitter comments. He seemed particularly aroused over our "discriminatory economic policy", lack of "respect for truth" by VOA, and alleged unfairness of American press, specifically recent treatment of Clementis. I gather these matters have penetrated skin of party and upper government hierarchy; this and belief they are finding our economic measures harassing were principal impressions derived from conversation.

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<sup>1</sup> In his telegram 1780, November 30, from Praha, not printed, Ambassador Briggs reported that at this conversation Široký was unable to give a definite answer to the question of whether the Czechoslovak Government intended to resume the negotiations, broken off in April, regarding the compensation for nationalized American properties. Široký did argue at length that a settlement depended upon the suspension of the "discriminatory economic policy" of the United States (860F.00/11-3049). Regarding the earlier negotiations, see *Current Economic Developments*, May 2, p. 398.

<sup>2</sup> In his telegram 1782, November 30, from Praha, not printed, Ambassador Briggs reported that at this conversation Široký stated he could not discuss the *Amerika* case until he had ascertained the views of Foreign Minister Clementis. Briggs speculated that this indicated that the original agreement to distribute *Amerika* in Czechoslovakia had been arranged by Clementis in the face of opposition elsewhere in the Czechoslovak Government. Briggs suggested that failure to receive authorization by the end of the year for the distribution of the magazine would have to be interpreted as a refusal (811.917 America/11-3049).

Regarding earlier negotiations on this topic, see telegram 142, February 4, to Praha, and annotations thereto, p. 383.

<sup>3</sup> Telegram 1784, November 30, from Praha, not printed, reported that Široký promised to expedite a reply on the whereabouts of the Fields family. Deputy Assistant Foreign Minister Hajdů made the "obviously off-the-cuff statement" that it was certain that none of the Fields were in Czechoslovakia (340.1115/11-3049). Regarding the case of Noel, Hermann, and Herta Field, see Thompson's undated letter of December to Bailey, p. 56.

<sup>4</sup> Telegram 1786, November 30, from Praha, not printed, reported that Široký promised to expedite action on the Hvasta case (125.225H3/11-3049). Regarding the arrest and trial of Jan Hvasta, see footnote 4 to telegram 397, March 24, from Praha, p. 390. The Embassy had made repeated representations to the Czechoslovak authorities regarding the release of Hvasta, following his conviction in May.

Additional comment on several above subjects in immediately following telegrams.

BRIGGS

711.60f/12-1549

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*Department of State Policy Statement*<sup>1</sup>

SECRET

[WASHINGTON,] December 15, 1949.

CZECHOSLOVAKIA

A. OBJECTIVES

The US seeks in cooperation with the other democracies the liberation of the Czechoslovak people from Soviet-Communist rule. The long-range goal is the deliverance of the country from any form of internal dictatorship or external control, making possible the restoration of an independent national existence whereby the Czechs and Slovaks may freely determine by orderly processes their own institutions, development and relation to each other. It is our purpose at the same time to promote the revival of natural ties in the political, economic and cultural fields between a free Czechoslovak people and the western community. We look forward ultimately to the full participation on an equal footing of a free and independent Czechoslovakia in the organization of a European union.

Among our more immediate objectives is the endeavor to weaken in any way we can the position of the Communist regime and, specifically, to limit the development of Czechoslovakia's economic and military potential. It is considered important to increase popular discontent with the existing rule and to strengthen the spirit of hope and resistance through repeated evidences of continuing American interest in the future of this part of Europe. We would attempt to foster the growth of nationalist opposition to ruinous Soviet impositions, extending appropriate support as an interim step to any independent national Communist government that might emerge. Regardless of the duration of the present government our hope is to preserve the friendly relationship between the American and Czechoslovak peoples existing since the establishment of the Republic.

B. POLICIES

Our policies have been adapted to the fact that the Communists have progressed a long way toward transforming a country of advanced economic and technical development, with full experience in parliamentary democracy, into a *de facto* component of the USSR.

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<sup>1</sup> Regarding the nature and scope of Department of State Policy Statements, see footnote 1 to the Policy Statement on Bulgaria, July 1, 1949, p. 332.



This typical police state, acting as a dutiful Soviet puppet in close association with the other Cominform members, conducts psychological and diplomatic warfare against the western democracies and above all against the US. During the past year the Communists have tightened their control over the population through ruthless repression and terror. They have extended domination over all organizations of more than local importance capable of resistance, with the exception of the Catholic Church, with which they are now engaged in a bitter conflict.

### 1. *Political*

Current policy has three major aspects, having regard to three distinct elements in the Czechoslovak situation: the present Communist regime, the Czechoslovak people, and the political emigration.

A primary consideration with regard to the regime is continuance of a diplomatic mission at Prague in spite of the fundamental antagonism between the two governments. Considerable importance is attached to the operations of the mission as a means of encouragement to the Czechoslovak people and of acquisition of information on developments within the curtain area. Consequently we endeavor, without giving the impression of approval of the regime or its policies, to avoid any activities which might interfere with the maintenance of correct diplomatic relations. The US has expressed or implied condemnation of the regime through diplomatic notes protesting its specific acts, through release of public statements by the Secretary censuring the abrogation of fundamental freedoms, through our public position on various issues in the UN and its subsidiary organizations, and through programs of the Voice of America. The Embassy's dealings with the Ministry of Foreign Affairs during the past year have been largely concerned with US efforts to obtain release of a number of American citizens from unwarranted detention on charges of espionage and anti-state activity.

Manifestations of our policy as they are directed toward the Czechoslovak people are intended to sustain the spirit of the non-Communist forces in the country, yet to avoid inciting overt acts which would expose the resistance to reprisal and increased repression. The popular attitude at this time is generally one of friendliness toward the US and attachment to free institutions. The great majority of the public refuses to accept Communism either as a body of doctrine or a system of government. The problem is how to maintain and strengthen this attitude when the means of extending assistance are limited by the existing circumstances and the population is subject to the effects of coercion and systematic Communist indoctrination from the cradle to the grave. One principal aim is to counter tendencies toward apathy and resignation—the conclusion that the Czechoslovak people have been written off by the free nations and that the situation in this area

of Europe is inalterable, obliging everyone to make his peace with the regime as best he can.

In counteracting Communist influences, we place dependence primarily on the US information program, the Embassy, and the visits of Americans. In order to keep alive the natural aspirations of the Czechoslovak people to democratic institutions and national independence, we attempt through the information services to present the facts and significance of the developments in Czechoslovakia and other countries as well as the basic principles of US policy, to illustrate the friendly feeling of the American for the Czechoslovak people in contrast to our attitude toward the Communist regime, and to report the activities of the Council of Free Czechoslovakia and news of individual representatives of Czechoslovak democracy in exile.

Any possibility of a nationalist movement against the top Communist leadership is fostered largely through the Voice of America. Our psychological offensive toward this end stresses the fact that efforts to integrate Czechoslovakia with the Soviet bloc spell economic and cultural retrogression for a state which belongs by tradition to the west. It appeals to agrarian individualism against steps in the direction of collectivization and to the urge for religious freedom against anti-Church actions. Attention is repeatedly drawn to the incompatibility of the present authoritarian state and the high standards of humanism—of freedom and probity—on which the Republic of Masaryk was founded.

Because of the importance attributed to visits of US citizens to Czechoslovakia as ambassadors of American democracy preserving contact between the two peoples, we assist travel unless it appears to be for a political purpose contrary to our interests. The Communist Government has not so far obstructed the entry of American citizens on a considerable scale, although it denies visas in specific cases for publicists conspicuously unfriendly to the Communist order and discourages the stay of foreigners with extensive contacts or expels those who have resided in the country for a long time. Since the avowed purpose of the entire educational system is to produce devoted supporters of the regime, we oppose the use of public funds for educational activities of American students and teachers in Czechoslovak institutions. We approve the relief and welfare activities of US voluntary agencies in Czechoslovakia so long as they remain free to conduct their operations without interference or Communist exploitation of the aid.

Our policy toward the political emigration is to assist in every possible way the relief and other activities of the refugee leaders. With our encouragement they worked to form an organization designed to achieve the greatest possible unity among the democratic forces in exile and with the nation at home. Representatives of the London and



Paris exiles and refugees in the US finally established the Council of Free Czechoslovakia at a conference in Washington in February 1949.<sup>2</sup> In addition to serving as a directing center for those dedicated to the freedom of their country, it seeks in the welfare field to organize relief for the refugees and their early resettlement in the western democracies. The Council, having its headquarters in Washington, includes an Assembly limited to 180 representatives of Czechoslovak public life, but functions principally through an Executive Board of 12 members with regional boards in London and Paris. The President is Dr. Petr Zenkl, former Deputy Prime Minister from the National Socialist Party.

The problem raised by the mass flight of Czechoslovak political emigrants to the US zone of Germany remains acute in spite of IRO care during the past year. The Displaced Persons Act contains a special provision allowing 2000 Czechoslovak nationals who had fled to Italy and the American, British, and French areas of Austria and Germany to be admitted to the US, but since by June 1949 only 233 applications for visas had been processed, this provision has accomplished little. The Act applies only to persons who arrived in those areas before June 25, 1948, but we are supporting amendment that would extend its benefits to selected persons who escaped after that date.

Since our objective is to preserve and strengthen the friendly feeling of the Czechoslovak people for this country, we do not approve any step altering the pre-Munich frontiers unless it is freely negotiated by, or mutually acceptable to, representative governments of the states concerned. The scope of territorial questions has been reduced since the Paris Conference in 1946, because claims for rectification of the Austrian and German frontiers are no longer actively pressed and because, through the Hungarian peace treaty, a small district near Bratislava has been ceded to Czechoslovakia.<sup>3</sup> There are three dormant issues of concern to the US: the final status of the Carpatho-Ukraine, lost through the imposed treaty with the USSR of June 29, 1945; possible transfer under Soviet demand of Czechoslovak Teschen to Poland as compensation for any territory beyond the Oder-Neisse line that may be returned to Germany; and a solution of the Sudeten German problem involving possible compensation to the transferred Sudeten population for property losses or partial resettlement of this group in Czechoslovakia. Our best course at the present time with respect to these issues is to capitalize on any Soviet action adverse to the permanent interest of the Czechoslovak people by giving it publicity in the US information program.

<sup>2</sup> Regarding the establishment of a Council of Free Czechoslovakia, see telegram 296, January 27, to London, p. 277, and annotations thereto.

<sup>3</sup> Documentation on the Paris Peace Conference of 1946 is presented in *Foreign Relations*, 1946, volumes III and IV.



Its reduction to a complete satellite has widened our previously existing differences with Czechoslovakia in the United Nations. While carefully avoiding any step that would place us in the position of a leading proponent in the Czechoslovak case before the SC following the February coup, we supported an inquiry in connection with the charges brought on the initiative of the Chilean Government, sponsored an invitation to Czechoslovakia to participate in the Council discussion, and backed efforts, vetoed by the Soviet representative, to have the Council obtain facts on the charges.<sup>4</sup> Vladimir Houdek, the new permanent delegate to the UN, has undeviatingly adhered to the Soviet line, but the Czechoslovak delegation is less aggressive and vituperative than that of the other satellites. Without neglecting opportunities for propaganda against the US, the Czechoslovak delegates show a disposition to pay somewhat more attention to technical considerations and national interest in the economic and social agencies, where they are fairly able and, with some exceptions, comparatively business-like. In the ECE they have been active and reasonably cooperative in those technical committees which the Russians do not attend.

## 2. *Economic*

The fundamental basis of policy toward Czechoslovak economic matters derives from the broad US objective of assisting the economic reconstruction of the western democracies while seeking to restrict the growth of war potential in the countries under Soviet domination.<sup>5</sup> Account is taken of the rapid progress in the sovietization of the Czechoslovak economy and reorientation in foreign trade toward the eastern European countries.

Accordingly, US exports to Czechoslovakia are restricted under the "R Country" export licensing procedure in so far as they might contribute significantly to the war potential of the Soviet bloc or prevent fulfillment of the prior needs of the OEEC countries. We also try through ECA negotiations to obtain the agreement of the OEEC countries for parallel action in regard to controls on exports to eastern Europe including Czechoslovakia. Although recognizing the contribution of east-west trade to the economic development of the Soviet bloc, the US approves an expansion of trade with Czechoslovakia which benefits the economies of the western democracies and at the same time conforms to our security interests. In general, US commercial policy toward Czechoslovakia will remain consistent with the principles and objective of GATT and the Havana Charter

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<sup>4</sup> For documentation on the attitude of the United States with respect to the Czechoslovak governmental crisis of February 1948 and its aftermath, see *Foreign Relations*, 1948, vol. iv, pp. 733 ff.

<sup>5</sup> For documentation on United States policy on trade with Eastern Europe, see pp. 61 ff.

for an international trade organization, both of which Czechoslovakia has signed.

Czechoslovakia has complained directly to us and in international forums that US export controls are discriminatory, charging at Annecy that the controls violate the general most-favored-nation clause of GATT. The US reply placed the controls squarely within the security exceptions provided in the Agreement. The assembled contracting parties, by a vote of 17 to 1, decided that the US had not failed, through its administration of export licenses, to comply with its obligations under GATT. The US therefore does not face any problem with Czechoslovakia of export restrictions conflicting with the provisions of a formal commercial agreement. As at Annecy, we will make clear in future discussions in international meetings that US export controls are not aggressive or provocative in intent, but are a response to Czechoslovak policies inimical to our national security interests. This position implies that in the event of the emergence of an independent regime, US export controls might be relaxed to encourage the ultimate success of the development.

Since the suspension in September 1946 of further deliveries under a surplus property line of credit amounting to \$50 million, after Czechoslovakia had utilized about \$7.6 million, no US public agency has extended financial assistance to that country. As of May 31, 1949, Czechoslovakia had repaid about \$19.5 million of the outstanding principal of a \$20 million cotton credit received from the Export-Import Bank in May 1946. In the fall of 1948 and again early this year Czechoslovak representatives raised the question of a new US Government cotton credit. These approaches were not encouraged, although, in line with our traditional policy of non-interference with private commercial transactions, we would take no position regarding a private cotton credit through American exporters or banks. An Export-Import Bank cotton credit, however, we feel could only be justified by a substantial *quid pro quo* to the US or the OEEC countries, regardless of considerations of maintaining the Czechoslovak market for American cotton.

Having examined the findings of the Timber Committee of the Economic Commission for Europe, the International Bank has under consideration a timber credit to a number of timber-producing countries, including Czechoslovakia. Because of the importance of additional timber supplies to western Europe, we made no objection to this credit.

After previous private and inter-governmental approaches, negotiations were opened in Washington in April for the settlement of the claims of American nationals for the loss of property through nationalization and other takings. They were recessed after three plenary sessions in order to enable the Czechoslovak representatives, following the defection of their most experienced technical expert, to assemble



new information. The Czechoslovak Government subsequently agreed to resume negotiations in September only to cancel plans at the last moment. Notwithstanding an estimate of the claims at \$80 million, present conditions oblige us to seek an agreement calling for the payment of \$35 million for distribution by a US claims commission to be established for the adjudication of claims relating to Yugoslavia. Circumstances might even warrant the acceptance of a minimum figure of \$25 million. We shall press for a solution of this issue, but cannot agree to the position of the Czechoslovak negotiators that a settlement depends on favorable US action on export license applications and financial assistance.

In the financial field we continue generally to cut down US government dollar expenditures in Czechoslovakia. Every effort is made to cooperate with the Department of the Army in the attempt to expend approximately \$1.1 million worth of crowns under existing agreements with the Czechoslovak Government which provide that payment for current procurement in Czechoslovakia should be 25 percent from the Army's crown holdings and 75 percent in dollars. The operating expenses of the US Mission at Prague are being covered with crowns drawn under the local currency option provision of the Surplus Property Credit Agreement.

We press for the widest possible adoption among the western democracies of our aviation policy to restrict the civil air operations of the USSR and the satellite states until air rights can be obtained from them on a reciprocal basis.<sup>6</sup> The US does not intend to cancel its air transport agreement with Czechoslovakia of January 3, 1946, particularly since the operations of the Pan-American line to Prague serve the interests of our policy toward that country. Necessary steps are taken, however, to prevent the further exercise of Czechoslovak rights under this agreement, including denial to Czechoslovakia of a permit to operate a trans-Atlantic service to the US. Attention has centered during the past year on efforts to withhold planes and parts to Czechoslovakia from western countries and to contain Czechoslovak air expansion in the Near and Middle East.

#### C. RELATIONS WITH OTHER STATES

Policy concerning Czechoslovakia depends under the present international situation on its relation to the USSR and the Cominform. As a Communist police state on the Soviet pattern, Czechoslovakia is ruled by a small group of Moscow-trained servants of the Kremlin. This inner circle receives the unqualified support of the hard core of Communist faithful comprising about a half-million and operates through a total party membership (including candidates) of some 2.3

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<sup>6</sup> For documentation regarding the civil aviation policy of the United States toward the Soviet Union and Eastern Europe, see pp. 184 ff.



million, proportionately the largest of all Communist parties. The firm Soviet control rests on the unswerving loyalty of the top Communist leadership, the ever-present possibility of armed intervention from contiguous areas and a structure of bilateral agreements. The trade agreements produce an eastern reorientation of trade which renders Czechoslovakia dependent on the USSR for certain supplies and raw materials. The force of these factors is strengthened by the absence of a basic national antagonism toward Russia, in contrast to the attitude of the Polish people, and by the long-standing appeal of Pan-Slavism for the Czechs and Slovaks. The historical tendency of the people to avoid active opposition to alien rule and apprehension over the signs of German revival facilitate domination by Moscow. Soviet control is exerted through the Cominform, the Council of Mutual Economic Assistance, the Soviet Embassy and MVD center at Prague, non-Russian Stalinist agents within the state administration, and informal contacts between party officials of both countries.

As an integral dependency in the eastern European system, Czechoslovakia constitutes an important asset for the Soviet Union, providing a strategic salient to the west and, along with Poland, an arsenal of heavy industry. The USSR exploits apparently without compensation the uranium deposits of the western areas. Owing to the position of Prague as a window on the west, it is used by the Kremlin for international conferences of front organizations and for the transmission of instructions to Communists in foreign countries.

The immediate Soviet purpose is to keep Czechoslovakia in a predominantly bilateral relationship with the USSR and with each of the satellites by which its indentured economy can be drained for Soviet benefit. This is accomplished through a system of trading arrangements requiring Czechoslovakia to furnish heavy industry products and low-grade mass consumption goods in return for non-essential items and raw materials of inadequate amount and inferior quality. Prevented from exporting essential products to the west and unable to market any considerable quantity of high-quality luxury products in the west, Czechoslovakia suffers from a chronic scarcity of foreign exchange and raw materials and from never-ending industrial maladjustments. At the same time Soviet requirements oblige it under the Five Year Program to scrape up capital from its own resources, without credits from the west, for the further expansion of heavy industry. Soviet financial aid does not go beyond what is necessary to assist the Czechoslovak economy for purposes of continued Soviet exploitation. The resulting situation inevitably depresses the standard of living downward toward the Soviet level.

In the continued imposition of Soviet-Communist rule, Moscow encounters as its chief problem a set of conditions—economic difficulties, religious resentment, deterioration of national standards—which

provide the basis for a nationalist opposition extending from the dispossessed groups as a center. The intensification of these conditions may ultimately force a modification in the relationship between Czechoslovakia and the USSR in the direction of more overt and formal control. The state is already subject to certain multilateral tendencies in the Soviet bloc such as the Council of Mutual Economic Assistance, which seems to play some part in the rationalization of the satellite economies in relation to Soviet demands, and the triangular trade agreement concluded on June 29 of this year with the USSR and Finland.

[Here follows a review of Czechoslovakia's political, economic, and cultural relations with other nations in the Communist bloc and with the United Kingdom and France and her policies toward Germany, the Vatican, and the Near and Middle East.]

#### D. POLICY EVALUATION

Steps to achieve the ultimate deliverance of Czechoslovakia from the existing totalitarian tyranny necessarily constitute only one part of the larger struggle against Soviet-Communist imperialism. Success in this specific theater therefore depends on, and keeps pace with, the success attained in the general effort to contain Soviet power while strengthening the position of the west. Such developments as Western Union, the North Atlantic Treaty, and the airlift to Berlin obviously caused the Communist regime anxiety and braced the democratic forces both inside Czechoslovakia and abroad. On the other hand, the Communists have seized on the recent evidences of lowered economic activity in the US and UK in propagandist justification of their doctrine and policies.

Within Czechoslovakia both US official agencies and private persons are subject to numerous restrictions. The friendly attitude of the people as a whole does not eliminate the need for Embassy personnel to limit their contacts with individuals for security reasons or for fear of exciting police suspicion against them. Since the expulsion of two assistant attachés and the arrest of a clerk in October of this year, it has been necessary for Embassy personnel to exercise increased caution in dealing with the local population lest the Czechoslovak Government formally accuse members of the staff of espionage. The Embassy, distracted by persistent attempts of the secret police to penetrate its security, must exercise constant vigilance in counter-measures. The extent of activity permitted the information services can be attributed to the risk of reprisals against its publications in the US which the regime would incur if it attempted prohibitive restraints.

We have found a reluctance to accede to our representations unless retaliation or the threat of retaliation is invoked. On the basis of recent experiences we should in the future rely on the principle of retaliation



and reciprocal treatment whenever it appears advisable to reenforce our representations with stronger pressure.

Our public statements expressing from time to time the US Government and people's condemnation of violations of human rights and fundamental freedoms will not deter the Communist rulers. But these condemnations do indicate for the record that we hold the regime accountable, continue to regard its actions as a matter of concern, and will never permit the mere passage of time to endow the regime with international respectability. In the absence of treaty obligations like those in the peace treaties with Hungary, Bulgaria and Rumania, we find it impossible to follow the procedure adopted in connection with the Balkan countries. It is doubtful at this time that a useful purpose would be served by any move to initiate UN action against the present Government for deprivation of fundamental freedoms.

By our economic policy we exert a continuing pressure on the Communist Government. Because of its higher industrial development, Czechoslovakia has proved more vulnerable than any other member of the Soviet bloc to the effects of US export controls and the priorities accorded OEEC countries for goods in short supply. Its industries are thereby denied, or forced to procure through clandestine channels at premium prices, strategic raw materials, replacements for obsolescent equipment and capital goods essential to reconstruction under the Five Year Plan. These effects combine with the economic drain on Czechoslovakia to the Soviet Union, the lack of external financial assistance, and unsettlement incident to the Communist coup and Sovietization of institutions to cause the Communist rulers grave economic problems. All of these factors contribute to depress the standard of living and render improbable fulfillment of the Five Year Plan. While these economic developments have not produced a critical situation from the standpoint of Communist retention of power, it forces increasing impositions on the working population and helps to continue the inability of the regime to win acceptance by the public.

The revision of US policy toward Yugoslavia to help assure the continuance of the Tito regime further adds to the difficulties of the Czechoslovak Government.<sup>7</sup> To the extent that the Tito Government can continue its successful defiance of Moscow and achieve its economic viability and independence, its example will exert a strong influence on the democratic elements inside Czechoslovakia. At this time, however, possibly less evidence of nationalist deviation appears among the well-disciplined Communist leadership than in any other satellite state. In time, under favorable circumstances, forces of nationalist disaffection might cause a cleavage between the inner circle and the

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<sup>7</sup> For documentation on the attitude of the United States toward the conflict between Yugoslavia and the Cominform and American efforts to provide economic assistance to Yugoslavia, see pp. 854 ff.



balance of the Party ending in the isolation of the former and the assertion of deviationist sentiment.

Insofar as the people are concerned a reservoir of discontent has accumulated since the coup. It is fed by the economic and cultural retrogression experienced under Communist government and by Soviet disregard of Czechoslovak national interests. The attack on religious freedom and the shadow of collectivization over the land give impetus to the forces of dissatisfaction. These feelings are translated into limited opposition activities, such as sporadic sabotage, physical resistance to the police, and several ill-starred plots. An underground exists in the form of numerous local groups. The spirit of resistance tends to increase as the organization of the western democracies develops and they follow more forceful policies. This relationship was demonstrated by the intensified opposition activities at the lifting of the Berlin blockade last May.

The resistance, both active and potential, also finds encouragement in our irreconcilable attitude toward Communist repression reflected in official public statements and Voice of America programs. Of all the US information media, the VOA is proving the most effective avenue to the Czechoslovak public, and, assuming no active interference with reception, it will take on increasing importance in our psychological campaign as the regime imposes new restrictions on other activities in this field. The improvement attained during the past year is suggested by the mounting bitterness of Communist press attacks on the programs and growing evidence that the VOA may be winning over the BBC in popularity, thanks to timely broadcasts, speedy interpretation of the news, and a bolder approach. The Embassy continues to play an indispensable role as a symbol of the deep bonds of friendship between the Czechoslovak and American peoples despite the existing regime and of the power of the democracies to assist in the ultimate liberation of the country. This was evident in May, when about 40,000 letters were addressed to the Embassy appealing for the holding of free elections under UN auspices.

Progress in the refugee field has been confined largely to the formation of the Council of Free Czechoslovakia and its activities in the leadership of Czechoslovak democracy abroad. It is unfortunate that this organization has not won the support of all Slovak exiles and of those Slovak Americans, who, in devotion to Slovak separatism, refuse to see the possibilities inherent in the Council. The Council is regarded favorably by most Czech groups in the US and is making contact with other organizations and individuals. The establishment of the National Committee for a Free Europe marks a significant advance in facilitating the activities of the Council, which is now receiving the assistance of the Committee in undertaking the publication of an in-

formation bulletin and in planning for broadcasts on a private basis to the Czechoslovak people.<sup>8</sup>

While the Council may not become a government-in-exile so long as we maintain diplomatic relations with the Communist regime, it serves at the present time as a useful instrument of our policy, preserving an overt organizational form for Czechoslovak democracy which renews the faith of the Czechoslovak people in their future, and it cooperates closely with us. It affords a tangible means of preserving the cordial feelings for the US of the Czechoslovak nation and remains ready to assume a new character and new duties as developments permit.

Treatment of the refugee problem has suffered not only from slowness in accepting any considerable number of refugees in the US, but also from lack of assistance in obtaining employment for them suitable to their training and experience. The former difficulty arises from the inadequacies of the Displaced Persons Act and delays in its execution. It is hoped that the problem of employment will be solved through the National Committee for a Free Europe, which is now taking initial steps in this direction.

So far as we are successful in maintaining the friendship and good will of the democratic forces abroad as at home, we will be able to renew the sympathetic relationship between the two countries and our influence in this area in the event of the liberation of Czechoslovakia. The possibility of the separation of Czechoslovakia from Moscow Communism and reintegration into the western community will be brought nearer as western Europe acquires sufficient political unity, economic vitality, and military strength to be a counterweight to the Soviet Union. The fulfillment of our ultimate objective toward Czechoslovakia closely depends therefore on the extent to which the US achieves the goals of its foreign policy as a whole.

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<sup>8</sup> Regarding the establishment of the National Committee for a Free Europe on June 1, 1949, see the circular airgram of June 21, p. 289.

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860H.00/12-2149: Telegram

*The Ambassador in Czechoslovakia (Briggs) to the Secretary of State*

SECRET

PRAHA, December 21, 1949—7 p. m.

1878. Had first meeting with Foreign Minister Clementis today, Vice Minister Hajdu and Patek (Clementis' son-in-law, head of American section) also present. After exchange amenities I said I desired explore with Foreign Minister a general line of approach to current problems, in which connection I made oral statement as follows:

When I presented credentials to President Gottwald,<sup>1</sup> I had observed

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<sup>1</sup> Regarding Ambassador Briggs' presentation of credentials on November 8, see telegram 1671, November 8, from Praha, and footnote 2 thereto, p. 412.



that it would be unrealistic to ignore fact that problems have arisen between our two governments, notwithstanding which I wished to dedicate myself during service in Czechoslovakia to such constructive steps as it might be practicable to take. In his reply President had acknowledged my suggestion and indicated that in spirit of my remarks I would find full understanding on part Government of Czechoslovakia.

I said is source personal regret that official relations are not more cordial and that there seems to be an area in which today two governments are not in agreement. My study of position has led me to question how much either Minister or I can accomplish in that particular area, progress in which may wait upon events not within control of either of us.

Notwithstanding this, I suggested it would be worthwhile for us to begin our relationship on assumption that there is another area—a related or adjoining area—in which it should be not only possible but desirable and mutually advantageous for our governments to seek agreement. If this assumption correct, then should we not try to locate and identify area of possible agreement and also expand its boundaries. I concluded that on both sides we should seek for steps that can profitably be taken in area of possible agreement, and at same time we should refrain in that area from steps capable of producing friction or impairing relations.

Clementis expressed appreciation for frankness with which views had been stated. He did not specifically say he accepted those views. His attitude while generally affable, was on whole rather cautious, and I had impression from time to time that he was speaking as much for Hajdu's benefit (or for Clementis' record) as he was to me. Foreign Minister said that he thought he understood what in present ideological circumstances I meant by "area of disagreement", but could I give examples in other area so that he would clearly understand what I had in mind. I replied by citing the eight points covered in my November 30 conversation with Acting Foreign Minister (Embassy's despatch 723, December 3<sup>2</sup>) most of which I said should in my opinion fall within "area of possible agreement".

How about, asked Clementis, "the libelous broadcasts of VOA". He then abused Voice with some vehemence as "organ of US Government undermining US-Czechoslovak relations". Foreign Minister also bitterly critical of VOA and US press in recent treatment of him personally and in allegedly inspiring and circularizing "absurd and preposterous" stories about him. Later in conversation here turned to

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<sup>2</sup> Regarding Ambassador Briggs' conversation of November 30 with Acting Foreign Minister Široký and the eight points therein discussed, see telegram 1779, November 30, from Praha, p. 414. The despatch under reference, not printed, transmitted the text of a memorandum given to Široký during that conversation and elaborating the points made during the conversation (860F.00/12-349).



same subject via Meryn case,<sup>3</sup> characterizing President's action in ordering release as "gesture of generosity in regard guilty official" which had been distorted by US press as "American victory over Czechoslovakia", thus impairing relations. He commented resentfully re Allen's recent statement that Voice would appeal to foreign peoples over heads their governments.<sup>4</sup>

There was considerably more along this line, the implication being that unless Voice changes tune, might be at least difficult to find any "area of possible agreement", Czechoslovakia being injured party, etc., etc., to which I observed that I had not seen recently many bouquets sent in direction of US by Czechoslovakian press. I observed further that purpose of Voice was to portray and convey truth, as I had told Acting Foreign Minister on November 30, and also that I was prepared at any time, should Czechoslovak Government consider it had evidence that Voice had not told truth, to examine a given case. On other hand, perhaps it might be well to assume that this situation lay within area in which not possible for our two governments to be in agreement.

Clementis at that point again replied that if that were inherent in my proposed approach to solution of problems, he doubted whether we would get very far.

Hajdu then endeavored reopen Meryn case as described above and I suggested that since that was past matter it would be better to proceed to unfinished business "such as the Field and Hvasta cases" and the other items mentioned three weeks ago in regard to none of which has there been any reply by Czechoslovak Government. Remainder of conversation taken up, however, with discussion of two cases mentioned (see separate telegrams<sup>5</sup>).

<sup>3</sup> Regarding the conclusion of the Meryn case, see telegram 1671, November 8, from Praha, p. 412.

<sup>4</sup> For text of Assistant Secretary of State Allen's address, entitled "Propaganda: A Conscious Weapon of Diplomacy", delivered at Duke University at Durham, North Carolina on December 10, 1949, see Department of State *Bulletin*, December 19, 1949, p. 941.

<sup>5</sup> In his telegram 1879, December 21, from Praha. not printed, Ambassador Briggs reported that during his conversation with Foreign Minister Clementis he had again brought up the case of Jan Hvasta (see footnote 4 to telegram 1779, November 30, from Praha, p. 415). Briggs stated that the case ought to be settled without further delay, and he suggested that the most simple solution would be the remission of the remainder of Hvasta's sentence and his immediate deportation. Clementis remained silent throughout this portion of the conversation while Hajdú "aggressively and provocatively" rejected Briggs' requests for access to Hvasta and information about his trial and conviction. Hajdú argued that no foreign government had a right to information regarding criminal proceedings against its citizens under arrest in Czechoslovakia nor any right of access to such persons (860H.00/12-2149).

Telegram 1880 reported on the Ambassador's futile effort to elicit information on the whereabouts of Hermann and Noel Field. At this time Briggs, acting on instructions from the Department of State, delivered a formal note expressing the deep concern of the United States Government regarding the safety of the members of the Field family and renewing earlier requests for information about them (340.115/12-1649).

At end Clementis again thanked me for frank presentation and said he looked forward further discussions. Conversation ended amiably by Foreign Minister's remarking that with respect to pheasant shooting at least, we had found "area of full agreement". By way of comment, while little concrete was accomplished, at least a basis for further talks with Clementis has been established. Presence Hajdu definitely unhelpful and I hope (rather than expect) that at future meetings this excessively unprepossessing official may be absent.

Department will note that every high official with whom I have talked since arrival has complained against VOA, from which I surmise first, that Voice now exerting considerable effect in Czechoslovakia and second, that as long as present tone continues we can probably expect Czechoslovakia to seek to take refuge behind that complaint as sort of defense mechanism or justification for failing to act on matters about which we complain. This I think is point meriting our consideration, at least to extent that care be taken at all times to have Voice truthful as to content, and to maintain objective and judicial tone. I also gather from Hajdu's effort to revive Meryn case and in particular his assertion that Voice had misinterpreted his statement to Penfield so that Czechoslovakia "of course could not grant favor of interview with prisoner until after correction had been made" that this plus irritation of US press treatment of Meryn release may perhaps lie behind Slansky's attack (Embteles 1872, December 20 and 1873, December 21<sup>6</sup>). I did not mention Slansky matter this morning, because might merely have protracted fruitless VOA discussion, and if we are to take notice of Slansky more effective method, would be to do so in Washington.

Sent Department 1878; pouched London, Paris, Moscow, Sofia, Budapest, Warsaw, Bucharest.

BRIGGS

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<sup>6</sup> Neither printed, but see footnote 1 to telegram 1234, December 22, to Praha, *infra*.

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711.60F/12-2149 : Telegram

*The Secretary of State to the Embassy in Czechoslovakia*

SECRET      PRIORITY

WASHINGTON, December 22, 1949—8 p. m.

1234. We have given careful thought to proposal set forth ur 1873 Dec 21<sup>1</sup> re Slansky's attack US Emb and feel fol considerations important in deciding whether official US reaction advantageous:

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<sup>1</sup> On December 20 *Rude Pravo*, the official organ of the Czechoslovak Communist Party, reprinted the full text of an article by Rudolf Slánský, the



1. Charges fall into propaganda pattern being currently applied against US in all Sov bloc countries. We are inclined to feel that, except in very special cases, to respond to such charges by official representations would be to dignify them unnecessarily. This is particularly true of articles in Cominform *Journal*.

2. Dept has protested fruitlessly so many times in recent dealings with Sov bloc countries that we are becoming increasingly disinclined to protest unless prepared to follow up with concrete retaliatory action if protest is unavailing. We question whether Slansky charges are sufficiently important to warrant retaliatory action.

3. Is there not possibility that Slansky charges, even though unfounded, may have effect not intended by author in emphasizing to Czechs our basic antagonism toward present Communist regime?

We had prepared very brief comment on these charges for use by Sec if questioned at press conference yesterday but charges have elicited little interest US and no question was asked.

In circumstances we are inclined to favor, in place of official protest, ironic treatment by VOA in context entire Sov bloc propaganda campaign against US in course of which occasion wld be taken to indicate absurdity of Slansky's statements and inconsistency between charges against Emb and Czech reply to our note on Patch case.<sup>2</sup> (Ur 1872, Dec. 20.<sup>3</sup>)

Wld appreciate your comments soonest, whether in light considerations outlined above, you consider this treatment to be adequate.<sup>4</sup>

ACHESON

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General Secretary of the Czechoslovak Communist Party, which originally had appeared in the December 16 edition of *For a Lasting Peace For a People's Democracy*, the organ of the Communist Information Bureau. In his telegram 1872, December 21, from Praha, not printed, Ambassador Briggs characterized Slánský's article as the bluntest public statement to date directly linking the American and British Embassies in Czechoslovakia to alleged acts of espionage, sabotage, and attempts to overthrow the government. Briggs regarded the article as part of a mounting campaign intended to intimidate the Czechoslovak population from maintaining any kind of contact with Western Embassies in Praha (124.60F6/12-2049). In his telegram 1873, December 21, not printed, Briggs proposed that Slánský's article be used as the pretext to lodge a strong protest against the allegations of Embassy-directed anti-state activity in Czechoslovakia. Briggs considered it important to take a firm stand on the Slánský attack lest the United States give the impression of reluctance due to self-consciousness about guilt (711.60F/12-2149).

<sup>2</sup> Regarding the exchange of notes in the case of Assistant Attaché Patch, see telegram 1081, October 26, to Praha, p. 411.

<sup>3</sup> Not printed, but see footnote 1 to this document.

<sup>4</sup> In his telegram 1894, December 23, from Praha, not printed, Ambassador Briggs agreed that on the basis of the broad considerations outlined by the Department the disadvantages of an official American reaction to Slánský's accusations might outweigh the advantages, and he suggested that the matter be dropped. Briggs also counselled against raising the issue on the Voice of America broadcasts (711.60F/12-2349). In telegram 1240, December 28, to Praha, not printed, the Department concurred in Briggs' suggestions (711.60F/12-2349).



125.225H3/12-2249 : Telegram

*The Secretary of State to the Embassy in Czechoslovakia*

SECRET

WASHINGTON, December 30, 1949—1 p. m.

1247. Dept shares ur view Emb shld continue press Hvasta case ur 1885 Dec. 22 and feels concern implications position taken by Hajdu ur 1879 Dec. 21.<sup>1</sup> If his statements shld prove to be personal and impromptu response to ur approach, it may be advisable avoid raising issue principle at this time lest it provide fruitless controversy and cause immed rigidity Czech position. If Hajdu's assertions, however, shld represent considered conclusion Czech Govt to deny aliens legal rights guaranteed under laws civilized countries, believe US must firmly challenge this stand at most advantageous time.

Dept's decision what action, over and above ur continued representations, shld be taken in Hvasta case will depend to considerable extent on whether or not anticipated US action in Vogeler case<sup>2</sup> has significant effect on attitude of satellite govts generally in treatment of US nationals. We wld hope effect might be favorable but if not we shall be obliged to consider specific retaliatory action in other cases such as that of Hvasta and possibly Fields. Further exploration of Czech attitude on legal principles in question wld be primarily for purpose of laying legal groundwork for such specific retaliatory action.

If Czech auths shld maintain as legal principles fon govt has no right to info on charges against its citizens under arrest or detention and no right of access to such prisoners, US wld have strong grounds for claiming this contrary to accepted standards of internatl practice and principles internatl law. Denial of justice considered to include withholding info on charges and right of prisoner to communicate with Consul of his country if he so requests. On basis such principles there have been awards against countries for long periods of detention incommunicado without info as to purpose detention or for unwarranted detention. From standpoint reciprocal legal treatment, it may be noted system of incommunicado not recognized in Amer juris-

<sup>1</sup> In his telegram 1879, December 21, from Praha, not printed, Ambassador Briggs reported on the oral assertion by Czechoslovak Deputy Assistant Foreign Minister Hajdu that a foreign government enjoyed no right to information regarding the charges against one of its nationals while the case was under investigation by Czechoslovak authorities nor did a foreign government have any right of access to a prisoner (860H.00/12-2149). In his telegram 1885, December 22, not printed, Briggs observed that in view of Hajdu's position, the Embassy's ability to protect American citizens in Czechoslovakia approached nil unless the Department was prepared to undertake some retaliatory action such as halting the travel of American citizens to Czechoslovakia (125.225H3/12-2249).

<sup>2</sup> Regarding the case of Robert Vogeler, an American citizen arrested in Hungary and held incommunicado there, see editorial note, p. 482.

prudence and US has long maintained Amer Consul shld be permitted to visit Amer citizen imprisoned in fon country.

Ur statements to Hajdu generally correct re points US judicial practice ur 1879. Criminal trial US Federal Courts preceded by FBI investigation and grand jury indictment. Investigation and process of finding indictment secret altho statement of indictment containing all charges available to accused is public and therefore open to reps fon govt. Transcript of proceedings available as public document immed conclusion trial and may be obtained by reps fon govt.

ACHESON

## FINLAND

### INTEREST OF THE UNITED STATES IN THE MAINTENANCE OF THE INDEPENDENCE OF FINLAND AS A SOVEREIGN STATE<sup>1</sup>

Secretary's Memoranda, Lot 53D444, March 1949

*Memorandum by the Director of the Office of European Affairs  
(Hickerson) to the Secretary of State*<sup>2</sup>

TOP SECRET

[WASHINGTON,] March 1, 1949.

Subject: Finland—Background in Connection with World Bank  
Loan

The World Bank is considering extending a loan to Finland and in this connection has asked for our judgment on whether Finland is likely to be taken over by the Soviet Union in the near future, especially in view of Soviet opposition to the participation of Scandinavian countries in the North Atlantic Pact.<sup>3</sup>

Finland has been reduced to military ineffectiveness by the Peace Treaty and could be taken over physically almost at will by Russia. The obvious world reaction acts as a strong deterrent and is undoubtedly the basis of the Soviet policy of friendship toward Finland repeatedly expressed by Stalin. Under the Finnish-Soviet Mutual Defense Pact signed April 6, 1948, the two countries are to confer if either is threatened by an armed attack by Germany or any state allied with the latter. Russia could call for a consultation with the Finns at any time on the ground that it is threatened by the North Atlantic Pact and could insist on bases in Finland in addition to the Porkkala Naval Base granted by the Peace Treaty.

Since the Social Democratic Government headed by Fagerholm<sup>4</sup> took office last July, succeeding a coalition government in which Communists held several cabinet posts, the Soviet propaganda pressure on Finland has been stepped up and is likely to increase in intensity, particularly when the North Atlantic Pact is signed.

<sup>1</sup> For previous documentation on this topic, see *Foreign Relations*, 1948, vol. iv, pp. 759 ff.

<sup>2</sup> The source text was initialed by Secretary Acheson. A copy of this memorandum, which was drafted by Benjamin M. Hulley, Chief of the Division of Northern European Affairs, is included in the Department of State's Central Files under 860D.00/3-149. The source text was attached to Carter's memorandum to the Secretary, March 3, *infra*.

<sup>3</sup> For documentation on the negotiations leading to the conclusion of the North Atlantic Treaty Organization, see vol iv, pp. 1 ff.

<sup>4</sup> Finnish Prime Minister Karl-August Fagerholm.



With respect to physical pressure on Finland, Swedish officials have freely predicted this would occur if Norway showed an intention to adhere to the Pact. However, evidence at hand is not sufficient to justify the conclusion that Russia is preparing military movements into Finland or Norway. A report from our Embassy in Stockholm quotes the head of the Swedish Army as saying on February 26 that the only change in recent Russian troop dispositions known to the Swedes has been an increase of Soviet forces in the Salla area (just east of the Finnish frontier and north of the Arctic Circle) to two divisions instead of one and a strengthening of forces in the Vilno area. This source did not attach significance to these movements, nor does he expect any overt action against Norwegian territory to result from Norway's adherence to the Pact.

Our best judgment is that the Soviets will not move to occupy Finland at this time.

[JOHN D. HICKERSON]

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Secretary's Memoranda, Lot 53 D 444, March 1949

*Memorandum by the Secretary of State's Special Assistant (Carter)  
to the Secretary of State*<sup>1</sup>

TOP SECRET

[WASHINGTON,] March 3, 1949.

In accordance with the Department's authorization, I saw Mr. McCloy<sup>2</sup> of the International Bank at 10:45 this morning. He asked me to express his very real appreciation for the Department's accedence to his request. I explained to him the security aspects of the attached papers<sup>3</sup> and he said the information would be kept personal and confidential by him.

He then volunteered that he had asked the British Government for a similar opinion and that H.M.G. had had views generally in accordance with the Department's. H.M.G. felt that while no military aggression was to be expected, a coup along the lines of Czechoslovakia was a distinct possibility, although considerably more difficult to engineer. If done, it would be timed in accordance with developments on the North Atlantic Pact. Mr. McCloy also said that H.M.G. would work [look?] with cordiality on a proposal to extend a loan to Finland.

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<sup>1</sup>The source text bears the following notation in Secretary Acheson's own hand: "C. H. [Carlisle H. Humelsine, Director of the Executive Secretariat] should see that this properly cleared. DA."

<sup>2</sup>John J. McCloy, President of the International Bank for Reconstruction and Development.

<sup>3</sup>The papers under reference here were presumably Hickerson's March 1 memorandum to the Secretary of State (*supra*) and undated paper summarizing recent information on reported Soviet military moves in Northern Europe, not printed.

Mr. McCloy then asked me the Department's reaction to such a loan. I told him that I was not in the substantive field, but my impression was that we would offer no objection to a Finnish loan. He asked me to check this with the Secretary and the substantive people in the Department and let him know as soon as possible the Department's view. The initial loan would be on the order of 30 million dollars, with possibly more later on. McCloy said that if there would be any tendency on the part of the Department to object to such a loan, he should know immediately so that he can gear the operation properly in the International Bank. He stressed the importance of knowing this and the importance of his knowing the basis on which our decision is reached. What he meant was that, assuming no change in present conditions, would we or would we not object to such a loan; and conversely, if a coup or other totalitarian aggression occurs, would we or would we not object to such a loan.

(Mr. Battle<sup>4</sup> will follow up on this and inform Mr. McCloy in the event I have departed.<sup>5</sup>)

M[ARSHALL] S. C[ARTER]

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<sup>4</sup> Lucius D. Battle, who succeeded Brigadier General Carter as Special Assistant to the Secretary of State.

<sup>5</sup> On March 5, the Secretary of State appointed Brigadier General Carter to be Deputy to the Chairman of the United States Correlation Committee in Europe on Foreign Assistance Programs (Lewis W. Douglas, Ambassador in the United Kingdom).

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Secretary's Memoranda, Lot 53D444

*Memorandum by the Director of the Executive Secretariat (Humelsine) to the Secretary of State's Special Assistant (Battle)*

TOP SECRET

[WASHINGTON,] March 9, 1949.

With reference to the attached memorandum prepared by General Carter and the Secretary's comment thereon,<sup>1</sup> I have had discussions with EUR and the economic divisions of the Department. The feeling, as indicated in these discussions, is that we should offer no objections to an International Bank loan to Finland. EUR does feel that if it is possible to withhold the final approval on this loan until after the signing of the Atlantic Pact it would be desirable to do so. As you know, there is a remote possibility that the Russians might attempt to pull a coup in Finland in retaliation against the Pact. This of course is the reason EUR feels that it would be desirable, if possible, to withhold final action until after that time. However, if Mr. McCloy is faced

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<sup>1</sup> The reference here is to Carter's memorandum of March 3, *supra*.

with the decision to give either a *yes* or *no* immediately, the Department's inclination would be to say go ahead with the loan.<sup>2</sup>

HUMELSINE

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<sup>2</sup> In a memorandum of March 11 to Humelsine, not printed, Battle explained that he had informed McCloy that day of the Department's position with respect to a possible loan by the International Bank to Finland:

"Mr. McCloy said that in the normal course of processing the loan a sufficient time would be required to put the date well after the signing of the Pact—probably late in April. He said, however, that he would be slow in pushing the loan to assure that there was ample time after the signing to gauge Russian reaction. He thanked me for the information, which he said coordinated generally with the feeling of both the British and the French." (Secretary's Memoranda, Lot 53D444)

Regarding the International Bank loan to Finland announced on August 1, see the editorial note, p. 440.

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711.60D/3-1449

*Memorandum of Conversation, by the Director of the Office of European Affairs (Hickerson)*

CONFIDENTIAL

[WASHINGTON,] March 14, 1949.

Participants: Dr. K. T. Jutala, Minister of Finland  
 Mr. John D. Hickerson, Director, EUR  
 Mr. Benjamin M. Hulley, Chief, NOE

Dr. Jutala came in to tell me he is returning tomorrow to Finland for ten days on account of the death of his sister.

He asked me about prospective dates of signing and publishing the Atlantic Pact, and I outlined it for him.<sup>1</sup> He asked whether the Pact would make any difference in our relations with Finland. I assured him that it would not and that we fully understand the special position of Finland which we do not desire to disturb. He commented that present developments were regarded with complete calmness in Finland. He expressed appreciation for the help the Department had given in obtaining export licenses and hoped that there would be no change in our policy to approve as many as possible. I assured him that there was no intention to change our policy.

Minister Jutala then accompanied Mr. Hulley to the latter's office where Mr. Green, NOE,<sup>2</sup> was present. The conversation covered a wide range of subjects, the Minister being interested in information and impressions on Austria, Yugoslavia, Palestine, India and the like. He dwelt at some length upon his interpretation (covered by previous memoranda) of the shifts among top Soviet officials.

His remarks indicated a somewhat altered view of the North At-

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<sup>1</sup> The North Atlantic Treaty was published on March 20, 1949, and signed in Washington on April 4. For documentation on the negotiation and signing of the treaty, see vol. iv, pp. 1 ff.

<sup>2</sup> Caspar D. Green of the Division of Northern European Affairs.



lantic Pact.<sup>3</sup> He felt that a strong West, militarily and economically, would force the Soviets to reconsider their tactics and might persuade them to abandon expansion in favor of consolidation. He did not seem to feel that Finland's position was endangered. He said that, depending upon Finnish Communists to further its cause, the Soviet Union would not make much progress in Finland. He stressed that so long as the standard of living is rising and economic conditions reasonably satisfactory, the Communists lose ground.

He inquired if we had any information as to Soviet military movements on the Finnish and Norwegian borders. Mr. Hulley said that we had had various reports which do not warrant the conclusion that there is unusual activity and which the Swedes, for instance, apparently did not consider significant.

Upon departing, Minister Juttila remarked that he would be seeing the Acting Foreign Minister<sup>4</sup> and President Paasikivi. He commented that for personal reasons it was very useful to see the President.—There were reports a few months ago to the effect that Minister Juttila's successor here had been designated. Apparently his long-standing friendship with the President as well as with the Prime Minister made these reports "premature".<sup>5</sup>

JOHN D. HICKERSON

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<sup>3</sup> In conversations with Hulley on January 13 and with Hickerson on January 19, Minister Juttila had offered informal and unofficial Finnish views on the North Atlantic Treaty. Juttila stressed in both conversations that the treaty would be dangerous to Finland since the Soviet Union would react against the treaty as a hostile move directed against it and might well call upon Finland for military bases or other concessions. In his conversation with Hickerson, Juttila suggested that the United States could quietly and inconspicuously strengthen the Scandinavian bloc on a commercial basis (memorandum of conversation by Hulley, January 13: 840.20/1-1349 and memorandum of conversation by Hickerson, January 19: 840.20/1-1949).

<sup>4</sup> Uno Kristian Takki, Finnish Deputy Minister for Foreign Affairs.

<sup>5</sup> On March 31, following his return from Finland, Minister Juttila called on Hickerson and reviewed President Juho Kusti Paasikivi's views on developments during the past year. Paasikivi was not perturbed by the stream of propaganda from Moscow aimed at Finland, and he did not expect a war in the near future. He did believe that the Soviet Union would continue and intensify its "nerve war" which would include "mysterious stories of military movements on the Northern frontier." Hickerson commented that Paasikivi's views were in line with the Department of State's analysis. Juttila also informed Hickerson that no change was contemplated in the Finnish representation in Washington (memorandum of conversation by Hickerson, March 31: 860D.00/3-3149).

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760D.61/3-3049: Telegram

*The Chargé in the Soviet Union (Kohler)*<sup>1</sup> to the Secretary of State

SECRET

Moscow, March 30, 1949—2 p. m.

790. Though Soviet press comment on Finland has become considerably shriller and more hostile last few weeks, it is still our considered

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<sup>1</sup> Foy D. Kohler, Counselor of the Embassy in the Soviet Union.

opinion, recent rumors notwithstanding, that no overt move will be undertaken by Kremlin at this time.

We still base this estimate on:

(a) Clear inability local Communist forces to stage seizure of power similar to that engineered Czechoslovakia without positive help from abroad (i.e. Soviet Union); and

(b) Belief Moscow will refrain from such action due general world political-prestige considerations and in particular desire keep Sweden out of Atlantic Pact (mytels 304, February 7 and 2178, September 29<sup>2</sup>). Recent indications Swedish public opinion have made it rather clearer than before that any move against Finland would probably promptly drive Swedes into Western alliance.

Apart from economic pressure and possible though unlikely repudiation last year's reduction reparations total, it is difficult to see just how Moscow could unilaterally bring pressure to bear upon Finland by reference existing treaties. Mutual assistance pact negotiated last April<sup>3</sup> does not provide adequate pretext and though Soviet press has lately been charging violations peace treaty<sup>4</sup> terms, article 35 treaty does not appear permit action based such charges by Soviet Govt alone.

We therefore believe Soviet campaign against Finland will continue confined its present scope of propaganda war of nerves, together possibly with development "tougher" attitude reparations performance and general economic pressure. But even latter cannot be pushed too far without impairing reparations deliveries.<sup>5</sup>

Sent Department 790, repeated Helsinki 23, Stockholm 24.

KOHLER

<sup>2</sup> Neither printed.

<sup>3</sup> For text of the Treaty of Friendship, Co-operation, and Mutual Assistance between Finland and the Soviet Union, signed at Moscow, April 6, 1948, see United Nations Treaty Series, vol. 48, pp. 150-161.

<sup>4</sup> For text of the Treaty of Peace with Finland, signed at Paris, February 10, 1947, see *ibid.*, pp. 203-303.

<sup>5</sup> In his telegram 90, March 31, from Helsinki, not printed, Minister Warren commented upon the telegram printed here. Warren, who reported having been informed by Acting Foreign Minister Takki that Finnish-Soviet political and economic relations continued on a "correct basis", saw no reason to amend the analysis and conclusions contained in despatch 49, March 10, from Helsinki (660D.6131/3-3149). Despatch 49 comprised a 16-page survey of Finnish-Soviet relations for the year 1948. The survey concluded that "the striking feature of the implementation of Soviet policy toward Finland had been its tolerance of and even acquiescence in facts that could not have been pleasing to the hot-spurs of international communism in the Soviet Union or elsewhere". The Legation in Helsinki surmised that Soviet authorities were prepared to concede that conditions for rapid progress from capitalism to communism were less propitious in Finland than in other Eastern European countries. Soviet leaders appeared to believe that they ultimately would inherit Finland in any case, and in the meanwhile they could afford, in the absence of a security menace on their northwest frontier, to defer the application of revolutionary methods in Finland (760D.61/3-1049).



*Editorial Note*

In 1949 the International Bank for Reconstruction and Development had under consideration a Finnish request for loans to finance imports of equipment and materials required for the reconstruction or modernization of various industries. For earlier expressions of Department of State policy with respect to such loans, see pages 434-437. In a memorandum of June 29 to Under Secretary of State James C. Webb, not printed, Llewellyn E. Thompson, Director of the Office of European Affairs, expressed the current attitude of that Office on possible International Bank loans to Finland as follows:

"We would favor modest loans to Finland for sound economic projects. We consider the present Finnish Government to be independent although its position is, of course, precarious. We would oppose large loans since they would undoubtedly alarm the Russians and might be provocative; also because of the uncertainty as to Finland's future situation" (800.515 BWA/6-2949).

On July 22, the National Advisory Council on International Monetary and Financial Problems (an inter-Departmental body chaired by the Secretary of the Treasury and including in its membership the Secretary of State, which coordinated the policies and operations of the United States representatives to the International Monetary Fund, the International Bank, and the Export-Import Bank) approved consideration by the United States Director of the International Bank of a loan of \$12.5 million to Finland for the import of essential raw materials and equipment for electric power development, limestone grinding, and woodworking machinery. The International Bank granted the \$12.5 million loan to the Bank of Finland on August 1.

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860D.5045/8-2349 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET

Moscow, August 23, 1949—1 p. m.

2135. Viewed from Moscow, current Finnish strikes<sup>1</sup> evidently represent major Communist effort since establishment Fagerholm Government to discredit, destroy it with minimum objectives of disrupting economy and bringing Communist back into Government—where they can more advantageously work for subsequent destruction

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<sup>1</sup> During August 1949, Finnish Communist elements attempted through a broad campaign of rolling strikes to gain control of the Finnish trade union movement. The strike campaign collapsed in early September. Reportage from Helsinki on the crisis is included primarily in file 860D.5045.



Finnish Democracy—and possible maximum of producing pretext for direct Soviet intervention and Communist regime.

Though Soviet press treatment Finland has not changed perceptibly recent months and recent coverage gave no advance hint magnitude present labor troubles, Kremlin doubtless feels current economic difficulties have created situation susceptible exploitation. Key Communist-dominated unions have therefore been committed to all-out endeavor reminiscent recent Australian coal and London dock strikes.

As pointed Embtel 790, March 30,<sup>2</sup> difficult to see how Soviets can consistently overtly intervene unless perhaps on pretext endangerment of their troops and installations (Porkkala area) but even this would presumably be covered peace treaty provisions which do not lend themselves unilateral Soviet action. Even though Norway and Denmark now formally committed NAT we would expect Moscow's strong desire keep Sweden neutral would continue influence Soviets proceed cautiously with regard Finland unless as is just possible Kremlin convinced either that Sweden already committed to Western camp even though only informally or that Soviet action to take over Finland now would so scare Swedes that their neutrality complex would actually be solidified.

On balance, we are still inclined to view that Soviets do not contemplate direct action Finland now regarding current efforts Finnish Communists with Soviet sub-rosa assistance as in nature probing action although on major scale.

Sent Department 2135, repeated Helsinki 70, Stockholm 52.

KIRK

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<sup>2</sup> *Ante*, p. 438.

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860D.00/8-3149 : Telegram

*The Minister in Finland (Warren) to the Secretary of State*

SECRET

HELSINKI, August 31, 1949—7 p. m.

322. In lengthy conversation with Foreign Minister last night, Enckell reviewed political history of Finland in past thirty years to throw present situation into perspective and offer some basis for forecast. The country is not so well prepared now legalistically, he said, to deal with internal Communist problem as it was in 1923 when he was able to dissuade Lord Robert Cecil, and other proponents of guarantees for religious minorities in southeast Europe, from applying pressure to Finland as price entry into League Nations.<sup>1</sup>

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<sup>1</sup> During the early 1920's, Carl Enckell served variously as Finnish Foreign Minister, Minister in Paris, and Delegate to the League of Nations.

In his negotiations with Soviets 1945 peace treaty,<sup>2</sup> Enckell said he was [in] no bargaining position and had no outside support oppose Soviet demands that full guarantees for political minorities Finland be written into treaty. Said Bevin told him at time he was sympathetic but unable help. The guarantee when related to fact Soviet Union governed by Communist Party must impose Government of Finland additional responsibility when dealing as it is now with internal Communist problem. He said that all political groups except Communist Finland need to remember country must work out itself its own salvation which implies, among other things, most scrupulous performance of all legal obligations. The record he is convinced is good and he attributes his own practically continuous participation in Finnish public life for last fifty years as considerable influence maintaining that performance.

Then he went on to expound his confidence that Soviets are not prepared for war; that their threats against Tito<sup>3</sup> fit into their pattern intimidation short of provoking conflict that he believes might have world-wide results.

With respect Finland he sees no signs extra-legal Soviet pressure provided Finns give no opening for it to be effective.<sup>4</sup> He quoted from statements of Stalin and Molotov made on occasions between 1917 and 1948 expressing their approval and respect for Finns' strict adherence legalistic obligations and expresses confidence that present leadership in Russia from its knowledge of Finnish people does not expect any revolutionary political action in this country.

Sent Department, repeated Moscow 101, Stockholm 21.

WARREN

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<sup>2</sup> Presumably the reference here is to the Soviet-Finnish armistice agreement of September 19, 1944, which reestablished the Soviet-Finnish peace treaty of March 12, 1940. Enckell served as chairman of the Finnish armistice delegation.

<sup>3</sup> For documentation on the attitude of the United States toward the conflict between Yugoslavia and Communist Information Bureau, see pp. 854 ff.

<sup>4</sup> During the height of the Communist strike wave in Finland, telegram 272, August 18, from Helsinki, not printed, reported that the Legation had been informed by a high Finnish Foreign Ministry source in strictest confidence that on August 16 a flotilla of Soviet motor torpedo boats and patrol motorboats had passed through Finnish coastal waters near Helsinki on its way to the Soviet naval base at Porkkala. The naval movement, made without prior notice, was permissible under the terms of the Treaty of Peace with Finland of February 1947 (861.3360D/8-1849). Telegram 276, August 19, from Helsinki, not printed, reported that the Legation had been assured by Finnish Minister of Interior Aarre Simonen that the Soviet Union had brought no pressure, direct or indirect, on the Finnish Government in connection with the Communist strikes. The Finnish Government did not regard the movement of the Soviet naval flotilla as a demonstration but a normal relief operation (861.3360D/8-1949).

711.60D/12-149

*Department of State Policy Statement*<sup>1</sup>

TOP SECRET

[WASHINGTON,] December 1, 1949.

## FINLAND

## A. OBJECTIVES

US policy towards Finland has as its primary objective the maintenance of the independence of Finland as a sovereign state. So long as Finland is independent, it will continue to follow its democratic political tradition and, so far as possible, its liberal economic principles. Other objectives are Finland's progress toward its pre-war standard of living, promotion of Finland's full participation in international organizations, and maintenance of Finland's informational and cultural contacts with the west.

## B. POLICIES

1. *Political*

The real problem in US relations with Finland comes from that country's juxtaposition to the USSR and its difficulties in maintaining its traditional associations with the west, especially with Scandinavia. No problem involving the US and Finland alone is grave enough in itself to make likely a real change in our present cordial and essentially satisfactory relations, however difficult it may prove of solution. Were Soviet policy different, our whole policy would be different since there is every evidence that the Finns would cooperate fully in plans for European economic recovery and in international organizations of many types. As things are, however, we must consider the effects of any US move on Finnish-Soviet relations.

Our informational and cultural activities in Finland are designed to support US objectives while avoiding conspicuous demonstrations which might provoke the Soviets to counter-measures which would decrease Finland's freedom of action and access to the west.

The United States is prepared to undertake negotiation of a Ful-

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<sup>1</sup>The Department of State Policy Statements were concise documents summarizing the current United States policy toward a country or region, the relations of that country or region with the principal powers, and the issues and trends in that country or region. The Statements provided information and guidance for officers in missions abroad. The Statements were generally prepared by *ad hoc* working groups in the responsible geographic offices of the Department of State and were referred to appropriate missions abroad for comment and criticism. The Statements were periodically revised.



bright agreement<sup>2</sup> whenever the Finnish Government wishes. There have been indications recently that the Finns are considering action on the matter, which was presented to them in 1947, but we will leave the initiative to the Finns.

The 81st Congress passed PL 265<sup>3</sup> providing for the use of future payments on the old Finnish debt for educational exchange between the United States and Finland. Carefully administered, this law will be a useful instrument for strengthening friendship and understanding. The Department is now engaged in developing appropriate procedures for implementing the law.

The administration of either of these programs, and especially of both together, might raise difficult policy problems. An abrupt initiation of the full authorized program in either case would constitute a spectacular move that might have repercussions in Finnish-Soviet relations adverse to Finland and hence to our policy objectives. It is desirable and administratively possible, however, to move into either program on a small and slowly increasing scale.

The longstanding problem of just compensation to Finnish owners for ships requisitioned by the US early in the war was brought to a satisfactory conclusion late in 1949 when \$5.5 million was appropriated for this purpose by Congress.<sup>4</sup>

With respect to American claims against the Finnish Government arising out of the transfer of German assets to the USSR, the US insists on its legal rights under Article 25 of the Finnish Peace Treaty either to the return of property in which there was direct or indirect American interest, or to compensation for it. With respect to claims arising out of the expropriation of property for the resettlement of Karelian refugees, we insist on treatment of and compensation to US citizens affected by it equal to that given to Finnish citizens and citizens of other countries similarly affected.

Since the national elections of July, 1948, the Finns have made steady progress towards the elimination of Communist influence in the life of the country. Although the US Government can take no active

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<sup>2</sup> Public Law 584, 79th Congress, August 1, 1946 (60 Stat. 754), generally referred to as the Fulbright Act after its original sponsor, Senator J. William Fulbright of Arkansas, authorized the Secretary of State to enter into executive agreements with foreign countries providing for the use of currencies acquired from the sale of surplus property abroad for educational purposes.

<sup>3</sup> Senate Joint Resolution, approved August 24, 1949, 63 Stat. 630.

<sup>4</sup> The United States Government on November 1 paid the Finnish Government \$5,574,739 in settlement of claims for compensation arising out of the requisitioning in 1941 and 1942 of 15 Finnish vessels then lying in United States ports. The payment followed the dismissal in the United States Court of Claims of suits for compensation against the United States Government. The payment was made pursuant to legislation included in a supplementary appropriation measure approved by Congress on October 28 (Public Law CH. 783, 63 Stat. 982). The Department of State statement to the press announcing the action (Department of State *Bulletin*, November 21, 1949, p. 790) explained that Congress approved the payment in view of the traditional friendly relations between the American and Finnish peoples.

part in this favorable development, it will be worthwhile to promote good relations between groups in Finland and their counterparts in the US. This is especially true in the case of the Finnish labor unions, in which the Social Democrats predominate.

We favor Finnish membership in the UN, but our support of its admission is limited by the fact that it would not be to the advantage either of the US or of Finland to make this question an issue between the US and the USSR.

Finland reluctantly acceded to the request of the Soviet Union and concluded a mutual assistance pact with the USSR in May, 1948. Although the Finns were unable to avoid entering such an agreement, they succeeded first in delaying its conclusion and then in limiting its terms, which are much more favorable than those accorded to other Soviet border states. The terms of the pact are, of course, subject to "interpretation," and it must be assumed that the Soviets can make their interpretation prevail if they wish. We continue to watch this situation closely, and we would be disposed to give Finland support in the UN, if asked to, in resisting any sweeping interpretations or unreasonable proposals under the pact.

Direct Soviet aggression against Finland appears unlikely except as a prelude to a general war since the military advantages to the USSR would appear to be slight and the political disadvantages great. The possibility of a direct Soviet attack upon Finland can of course not be excluded. It is believed that in such an event the Finns would resist even though such resistance would be hopeless and they could be overcome within a matter of days. However, it is believed that the technique employed by the USSR in the Czech coup could not be used in the case of Finland.

A clear-cut case of Soviet aggression would have serious and widespread consequences. The case would of course be raised in the United Nations, and the US would be prepared to fulfill its obligations under the Charter although it is difficult to see what action the UN could take which would be effective. What action the US would take outside the framework of the UN would, of course, depend upon the circumstances of the aggression and the international situation existing at that time. One of the most important immediate results of such Soviet action would be its effect in Sweden, although the nature and extent of Swedish reaction is difficult to predict. In any event, such action on the part of the Soviet Union could not fail to affect fundamentally the basis of the relationship of the US and the other western democracies with the Soviet Union.

## 2. *Economic*

As in the case of political relations, economic aspects of US policy towards Finland are influenced by the facts of Finland's relationships with the USSR.



The question of credits to Finland has been raised periodically since the end of the war. Since the armistice in September 1944, Finland has received over \$125 million from the US Government in credits, to assist Finland to build up her productive capacity and support her economic stability. Finnish applications for credits have been scrutinized as to proposed specific uses with this objective in mind. It has been considered important to avoid directly or indirectly paying Finnish reparations.

In the past year Finland has received from the International Bank a \$12.5 million reconstruction credit<sup>5</sup> and probably will receive a \$3 million timber equipment credit in the near future.<sup>6</sup> Our attitude has been one of support for reasonable International Bank credits to Finland.

Consideration of further credit will take into account Finland's ability to carry additional credits (servicing of present obligations to the United States requires about \$1,000,000 monthly), and the purposes for which the credit will be used, including the possibility of promoting the purposes and programs of the ERP. The amounts we would agree to would necessarily be relatively small and their specific uses clearly determined. Finally, the possible political effects of the credits would have to be carefully weighed.

With the ending of the sellers' market for pulp and paper and the lessened demand for timber, the rate of Finland's recovery may be retarded. However, the Finns have been reasonably successful thus far in finding additional buyers and they see no acute crisis in the immediate future. In this, as in other relationships, Finland is largely dependent upon general stability in Europe and re-establishment of a generally high and stable level of world trade. The US will watch carefully for and make known its opposition to any tendency to revive cartel arrangements between Finnish and Scandinavian producers of pulp and paper.

Over the past year we have evolved a reasonably satisfactory method of processing export licenses for Finland, as well as reasonably satisfactory criteria for their consideration. In general terms, the intention is to license non-military items as freely as possible, to screen carefully all items which may be of direct or indirect military significance, and to consider items which are to be delivered to the USSR as reparations in the same manner as items for direct export to the USSR. In borderline cases the Legation in Helsinki is consulted as to end use and as to the importance of the item to the Finnish economy and its recommendation requested. Finland receives substantially more liberal treat-

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<sup>5</sup> Regarding the credit under reference here, see editorial note, p. 440.

<sup>6</sup> Regarding the credit under reference here, see the extract from *Current Economic Developments*, No. 224, October 17, p. 157.



ment than do the Soviet satellite countries. Under this system, and within the limits of Finland's supply of dollars, trade relations should continue on a mutually satisfactory basis and in such a way as to enable Finland to contribute substantially to general economic stability in Europe. We favor particularly continued exports which will maintain and increase Finnish production, especially of goods needed by the west.<sup>7</sup>

In adopting export controls applicable only to Europe, the US has technically violated the non-discrimination clauses and most-favored-nation provisions of the Treaty of Friendship, Commerce and Consular Rights of 1934 and the Reciprocal Trade Agreement of 1936. This situation, which is also to be found in US relations with most other European countries, remains a subject of study. We do not expect that this issue will become a problem in US-Finnish relations.

It is to the advantage of the United States, particularly for the success of ERP, that Finland's traditional pattern of trade—predominantly with western Europe and the western hemisphere—be maintained. One limiting factor is Finland's obligation under its trade agreement with the USSR to deliver substantial quantities of timber products in return for Soviet products essential to Finland. We may be able to help the Finns to increase their trade with the west, and we should watch for opportunities to do so.

Because of Finland's reduced production and its obligation to deliver goods as reparations to the USSR, it has, since the war, had to husband its limited exports to produce the greatest possible return in imports of prime essentials. This has been done through the negotiation of a series of bilateral trade agreements with most of the countries with which Finland does business. This manner of transacting business is, of course, contrary to the long-term objectives of our general economic policy. However, it is recognized that in the postwar situation, Finland, like other European countries, has had no practical alternative. Finnish officials have on several occasions reiterated that Finland favors a return to multilateral trade as rapidly as possible. The fact that practically all the agreements concluded by Finland have been for brief terms gives weight to these statements. Moreover, the Finns have shown an interest in the development of the ITO Charter by actively participating as observers in the UN

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<sup>7</sup> On March 3, 1949, the Advisory Committee on Requirements, which advised the Secretary of Commerce on export control procedures, adopted a liberalized control policy toward Finland; see Advisory Committee on Requirements Program Determination No. 118, March 3, p. 88. For a review of the Department of State's position and recommendations for a preferential treatment for Finnish export license applications, see *Current Economic Developments*, No. 187, January 31, p. 75. For an expression of the Finnish reaction to the new procedures, see the memorandum of conversation by Karl L. Anderson, March 8, p. 91.

conference on trade and employment in Geneva and Habana. We will continue, when we can, to remind the Finnish Government of our objective of re-establishing trade on as broad a base as possible and as rapidly as possible. Finland engaged in the tariff negotiations at Annecy, France from which mutually satisfactory adjustments resulted.<sup>8</sup>

Finland is specifically exempt from the US aviation policy toward the USSR and its satellites. A Bermuda-type air transport agreement was signed with Finland on March 29, 1949, granting to certificated US carriers the right to operate a service from the US over a north Atlantic route to Helsinki. It also provides that one or more Finnish air carriers may operate from Finland over a north Atlantic route to New York.<sup>9</sup>

#### C. RELATIONS WITH OTHER STATES

Aside from the character of the Soviet state, special important factors in Finnish relations with the USSR include geographic contiguity, the peace treaty, the mutual defense pact of May 4, 1948, the 50-year Soviet leasehold of the Porkkala Peninsula, the Finnish obligation to make reparations to the USSR, the importance to Finland of Soviet grain and Polish coal, and the existence of a strong Communist Party in Finland.

Finland is not behind the Iron Curtain. The Soviets have shown a certain restraint towards Finland and have treated her as the "model" border state. Undoubtedly the firm, uninterrupted functioning of the prewar Finnish constitution and the steady resolve of the overwhelming majority of the Finnish people to resist Sovietization have had much to do with this. Nevertheless, most responsible Finns subscribe, at least intellectually, to the thesis that Finland must maintain correct relations with its eastern neighbor. While Finland may be expected to continue resistance to communism domestically and to act with considerable independence internationally, it will, in situations which the USSR regards as crucial, most probably have to accede to Soviet wishes, as in the case of its abstention from ERP. Nevertheless, unless its domestic institutions are totally subverted, Finland will not be reliable from the Soviet point of view. Finland's political sympathies lie overwhelmingly with the Scandinavian and western European countries.

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<sup>8</sup> For documentation on aspects of United States policy regarding the General Agreement on Tariffs and Trade and the negotiations at Annecy, France, April-August 1949, see vol. I, pp. 651 ff.

<sup>9</sup> For the text of the agreement, see Department of State, *Treaties and Other International Acts Series (TIAS) No. 1945* or 63 Stat. (pt. 3) 2550. For the statement issued to the press by the Department of State at the time of the signing of the agreement, see Department of State *Bulletin*, April 10, 1949, p. 466.

Finnish relations with the UK have been traditionally friendly, close, and mutually profitable. The UK has been Finland's best customer and leading supplier. The Finns have formed their national institutions and their constitutional behavior largely on the British model. They are extremely desirous of maintaining this close relationship. We therefore cooperate with the UK on Finnish matters whenever such cooperation appears advantageous.

Finland has an active and satisfactory trade and maintains satisfactory political relations with the other countries of western Europe, though less intimate than with the UK. Finland's failure to participate in ERP resulted from Soviet pressure, but Finnish exports are useful to ERP.

During the period between the two world wars, Finland sought full integration in the Scandinavian community, but since the war, she has had to forego such close relationships with Scandinavia, because of strong Soviet opposition to and suspicion of a Scandinavian bloc. Special Finnish relations with the Scandinavian countries have been limited largely to cultural fields, with some cautious participation in inter-country political party gatherings.

The position of Finland was frequently mentioned by high Swedish officials and by the Swedish press in connection with Sweden's position during the negotiation of the North Atlantic Pact. The Swedish Government feared, as did many responsible Finns, that Scandinavian adherence to the Pact would cause the USSR to force Finnish acceptance of counter arrangements. No such results have yet followed from Norwegian and Danish adherence and it may be hoped that the Pact will discourage Soviet intervention in Finland.

Finnish relations with the other countries in the Soviet sphere are neither intimate nor significant, with one exception. Polish coal is of crucial importance in the economy of Finland, since there would be important increases in transportation costs in obtaining coal from other sources.

#### D. POLICY EVALUATION

In considering how best to carry out any phase of US policy towards Finland, we must bear in mind the probable effect of any action on the Soviet attitude toward and treatment of Finland. It must be held axiomatic that the Soviet Union will be moved to consider countermeasures if it concludes that the implementation of US policy jeopardizes important Soviet policy objectives in Finland. Hence in action in support of our policy we must calculate the possibility that the Finns would thereby be exposed to possible Soviet counteractions overbalancing the expected advantage.

We expect that the Finns themselves will resist strongly any Soviet attempt to limit their independence further, and the more stable Eu-



rope is, the greater Finland's ability to maintain its position. We should, therefore, resolutely but judiciously help Finland, and should try to settle the issues concerning the US and Finland alone satisfactorily, but we should bear in mind the fact that the success of our policy depends ultimately on the success of our efforts to make Europe politically and economically secure and stable.

## HUNGARY

### PRINCIPAL ISSUES IN THE DETERIORATION OF RELATIONS WITH HUNGARY

#### *Editorial Note*

József Cardinal Mindszenty, Roman Catholic Archbishop of Esztergom and Prince-Primate of Hungary, was arrested in Budapest on December 27, 1948, by order of the Hungarian Ministry of the Interior. He was charged with attempting to overthrow the Hungarian state, treason, and various unlawful currency transactions.

At his press and radio news conference on December 29, 1948, Acting Secretary of State Robert A. Lovett was asked to comment on the arrest of Cardinal Mindszenty. The official account of his reply is as follows:

"Mr. Lovett said that this was a culmination of a long series of oppressive acts taken by the Hungarian Government against personal freedoms, human freedoms and now religious freedom. He said that this had been going on for some time and now had reached a climax in the arrest of the Cardinal and a number of others. He declared that it was rather a sickening sham to have that action taken on the basis of charges which were patently false and he said that he thought that it must affect the attitude of other countries to know that this sort of thing could go on. He declared that it had by extension, of course, another significance, in that what was going on in many of the countries of that belief and character was a type of behavior, a type of action which continued to interfere with reaching the goal of peace and made it still an aspiration rather than a reality. He said that he should think that this particular action would be all that was needed to complete the unhappy chain of events in that country and to indicate what the attitude of the government was toward the liberties which the rest of the world attaches the greatest importance to." (News Division Files)

At his news conference on December 30, President Truman stated that he was in agreement with the Acting Secretary's remarks about the Mindszenty arrest; see *Public Papers of the Presidents of the United States: Harry S. Truman, 1948* (Washington, Government Printing Office, 1964), page 968.

In a memorandum of February 1 for the Secretary of State, Walworth Barbour, Chief of the Division of Southern European Affairs, stated that the Department of State had received 11,000 letters, a number of which had requested that the United States Government protest formally to the Hungarian Government and take action in the United

Nations. The Department had replied by drawing attention to the Acting Secretary's statement on December 29 and giving assurances that it was prepared to take any steps in the matter that might appear appropriate (864.404/2-149).

The trial of Cardinal Mindszenty and six co-defendants was held in Budapest, February 3-5, 1949. The verdict was announced on February 8. The Cardinal was found guilty of the charges of conspiracy against the state, treason, and illegal currency transactions and was sentenced to life imprisonment. The other defendants were also found guilty and were sentenced to various terms in prison ranging from life to three years. For the official record of the trial, see *The Trial of József Mindszenty* (Budapest: The Hungarian State Publishing House, 1949).

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864.404/12-3048 : Telegram

*The Minister in Hungary (Chapin) to the Acting Secretary of State*

SECRET

BUDAPEST, December 30, 1948—7 p. m.

1993. Personal for the Acting Secretary. Supplementing mytel 1992, December 30,<sup>1</sup> it appears manifest that Mindszenty case has major significance in that it clearly designed prove to all concerned that religious bodies of whatever persuasion are powerless to defend their communicants or even their ministers from the new temporal and ideological Communist power. For if a prince of the church and his suite may be unceremoniously ill treated, browbeaten and broken in order obtain alleged incriminating evidence, what chance for justice has ordinary citizen who objects or criticizes unlimited state power on moral or spiritual grounds?

Although I am well aware of our traditional national policy to abstain from any action which might appear to affect religious issue, it nevertheless seems to me that the cynical arrest of Mindszenty and his probable ruthless liquidation culminates a long series of blows striking at basic human freedoms and transcends all sectarian considerations. In this issue we are faced with a direct assault on one of the most vital main streams of the western heritage. It seems to me therefore that if it becomes manifest that Communist officials who locally represent Soviet power may arbitrarily violate religious freedom and flout local opinion and conscience without arousing violent condemnation from free peoples and institutions, the declaration of

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<sup>1</sup> Not printed; in it Minister Chapin reported having been informed by the French Minister in Budapest that the arrest of Cardinal Mindszenty appeared to have been thought up and dictated by Soviet authorities who wished to force a showdown on the general religious question in Eastern Europe (864.404/12-3048).



human rights of which we are a signatory will be regarded as a "scrap of paper", the moral leadership of the US will suffer severely, and the foundations of hope for the 100,000,000 or more newly condemned inhabitants behind the curtain will have been destroyed. It will be obvious, moreover, that the harmful effects of this assault on western spirituality by Marxist materialism may well dishearten other peoples wavering between conflicting ideologies.

Although we may find ourselves unprepared at this time effectively to intervene on behalf of Mindszenty, nevertheless we can and must, it seems to me, direct attention in terms that are compelling to men and women of religious conviction, to the enormity of the event with which we are faced, and we can, I am convinced, facilitate mobilization of spiritual forces for struggles which today more than ever before appear unavoidable.

Accordingly I venture to suggest that you may wish to bring to the attention of spiritual as well as political leaders this desperate menace to our civilization. Specifically I suggest that since this attack on Mindszenty is a logical sequence of the attack on Lutheran Bishop Ordass and other Protestant, Greek Orthodox and Jewish leaders here, the support of all American groups and sects devoted to religious freedom should be united in a campaign which might well become worldwide if taken up in already existing international bodies.

I submit finally that this case presents both a challenge and an opportunity.

CHAPIN

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864.404/12-3148 : Telegram

*The Acting Secretary of State to the Legation in Hungary*

SECRET

WASHINGTON, December 31, 1948—7 p. m.

1231. From Hickerson.<sup>1</sup> Concur your evaluation motivation arrest Mindszenty (urtel 1993 Dec 30<sup>2</sup>) and implications case in regard to effect peoples curtain area and elsewhere. You will have seen statement made press conference Dec 29.<sup>3</sup>

At same time, impossible disregard realities Cardinal's situation and consequent minimum likelihood effective intervention his behalf. Mobilization spiritual condemnation seems well advanced.

General line our thinking set forth separate tel to London rptd

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<sup>1</sup> John D. Hickerson, Director, Office of European Affairs, Department of State.

<sup>2</sup> *Supra*.

<sup>3</sup> Regarding Acting Secretary Lovett's press statement of December 29, see editorial note, p. 451.

Budapest.<sup>4</sup> Believe maximum initiative on part Vatican desirable tending center focus religious aspect which particularly distinctive feature this further manifestation general Communist denial fundamental rights. [Hickerson.]

LOVETT

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‘Telegram 4838, December 31, to London, repeated to Budapest as 1230 and to Vatican City as 32, not printed, explained that the United States was taking the line that the arrest of Cardinal Mindszenty was the culmination of Communist attacks aimed at the destruction of religious freedom in Hungary and a phase in the systematic campaign to deny the exercise by the Hungarian people of the fundamental human rights and liberties. The arrest and other repressive measures taken in Hungary were, in turn, the typical general situation throughout the Soviet orbit and formed part of a general pattern of the extinction of all freedom and opposition, whether religious or political (864.404/12-3148).

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864.404/1-349 : Telegram

*The Acting Representative at Vatican City (Gowen<sup>1</sup>) to the Acting Secretary of State*

TOP SECRET

VATICAN CITY, January 3, 1949—6 p. m.

1. Deptel 32, December 31, Mindszenty case.<sup>2</sup> Today I called on Tardini,<sup>3</sup> Vatican Acting Secretary State, to seek his reaction. He said:

“(1) Communist program and methods directed by Moscow were well known to Vatican quite sometime before other sources showed concern for grave Communist threat to fundamental human rights and democratic institutions;

“(2) Same ruthless methods are followed by Tito who is constantly persecuting and arresting Catholic priests because they will not yield to Communist pressure;

“(3) The reaction of free civilized world against Mindszenty’s arrest has been immediate widespread and beneficial;

“(4) Statement by President Truman on Mindszenty timely highly effective and very fair;

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<sup>1</sup> Franklin C. Gowen, Special Assistant to Myron C. Taylor, Personal Representative of President Truman to Pope Pius XII.

<sup>2</sup> In his telegram 72, December 30, 1948, from Vatican City, not printed, Gowen transmitted the text of a note of December 30 from the Vatican Secretariat of State calling attention to the arrest of Cardinal Mindszenty (864.404/12-3049). Telegram 33, December 31, 1948, to Vatican City, not printed, authorized Gowen to acknowledge receipt of the note (864.404/12-3148). In a note of January 3 to the Vatican Secretariat of State, not printed, Gowen observed that the Vatican note had been noted “with sympathy and understanding” and invited attention to the statements made by Acting Secretary Lovett and President Truman (see the editorial note, p. 451). The texts of the exchange of notes of December 30 and January 3 were transmitted to the Department of State as enclosures to despatch 1, January 4, from Vatican City, not printed (864.404/1-1449).

Not printed, but see footnote 4 to telegram 1231, December 31, to Budapest, *supra*.

<sup>3</sup> Msgr. Domenico Tardini, Secretary for Extraordinary Affairs in the Vatican Secretariat of State.

"(5) Not only Catholic clergy and associations but also many non-religious institutions, eminent personalities, and innumerable private individuals all parts free world have sent telegrams to Vatican and Hungarian Government deploring Mindszenty's arrest.

"While free press has unanimously deplored his arrest Communist led press is directing violent and cynical attacks against Vatican. *Unita*, Communist newspaper Rome, openly threatened Catholic Church but these shameful and iniquitous Communist utterances have only increased reaction of free people everywhere. Tardini considers line taken by US in this case very sound indeed and most gratifying. He has no suggestions to make as to press treatment reaction of free world having been most heartening. Department may wish repeat substance foregoing London, Budapest. Tardini expressed warm appreciation our sympathy and support it being understood conversation was secret and no public reference thereto would be made."

GOWEN

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864.404/1-2049 : Telegram

*The Minister in Hungary (Chapin) to the Secretary of State*

SECRET

BUDAPEST, January 20, 1949—noon.

87. I have now read over carefully twice the 96-page Hungarian Yellow Book issued yesterday in English, French and Hungarian entitled "Documents in the Mindszenty Case", copies of which being air-mailed from Vienna direct to Department. Summary and extract of principal passages relating to Legation being forwarded separately, but understand UP has given good coverage.

The distortions, misstatements, false inferences and outright lies concerning American personalities, this Legation and particularly myself are woven together cleverly to present picture in which I allegedly encouraged Mindszenty to conduct espionage for obtention intelligence both as respects Hungary and the Soviet forces of occupation, and conspired with him against the Hungarian state, specifically to restore Hapsburg monarchy. The product which is based upon certain documents alleged to have been found buried in Cardinal's palace, and to certain confessions obtained from the Cardinal, his secretary and other followers, is typical of East European conspiratorial mentality. As was to be expected, allegations have been immediately taken up in Hungarian press which may be expected to become more violent in attacks on Legation.

I did, of course, call on Mindszenty upon my arrival in July of 1947 and again to extend New Year's greetings in 1948, just as I called on other Hungarian high personalities, and these calls were returned. I likewise responded to Mindszenty's appeal to see him last November.<sup>1</sup>

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<sup>1</sup> For Chapin's report of his conversation with Cardinal Mindszenty on November 15, 1948, see telegram 1791, November 17, 1948, from Budapest, printed in *Foreign Relations*, 1948, vol. iv, p. 389.



The substance of conversations in each case were duly reported to the Department. At no time, needless to say did I ask for any "intelligence" from the Cardinal or encourage its procurement, nor did I at any time discuss with him possibility of change in regime, let alone a restoration of the monarchy.

So far as concerns Otto of Hapsburg, I recall that after attempting to dodge meeting him, I did agree to receive him in my office in the new State Department in May 1947. Our conversation extremely limited and he appealed to me principally to do what I could for the maintenance of religious toleration, specifically Catholic, in Hungary. I also recall that in my first conversation with Mindszenty, in response to question, I did say that Otto seemed to me a likeable and serious young man, but we did not discuss him further. Fact remains that these allegations are contained in an officially sponsored government publication, and that such allegations are far-reaching in character and set forth as definite accusations against me and other members of Legation. So far as I can recall, such an official and serious attack in peacetime on a duly-accredited envoy of a foreign power is without precedent.

Whether Hungarian Government will declare me *persona non grata* either immediately or following trial of Cardinal, which it announced will be public, I have no means of knowing. It would certainly seem the logical consequence of such grave and insulting allegations if normal intercourse between the two nations obtained. However, it may suit the Communist book even better not to request my withdrawal since it would thus leave me here as an officially discredited representative of country generally regarded as most powerful on earth and render my position and that of my staff ridiculous and contemptible, in Hungary and satellite eyes. I need hardly point out that my usefulness in any case would be all but lost, since no Hungarian of any kind will now dare be seen talking to me in a public or private place, and my official representations will be obviously less effective.

Certainly, Department will not wish to let these allegations go unanswered. However, I am doubtful of effectiveness or propriety of our stooping to detailed refutation of the allegations or to the publication of statements on my conversations with Otto of Hapsburg and the Cardinal. Likewise, while, on one hand, it might be advisable for Department to anticipate any request for my withdrawal by recalling me while simultaneously issuing a public statement; on the other, we will wish to avoid any step which might suggest a confession of guilt or weakness. It is difficult for me to offer concrete suggestions concerning the appropriate course of action to be taken by the Department when I am so deeply involved personally and particularly when I feel genuinely proud conduct of my office in Hungary. In the interest of American prestige here and elsewhere behind the curtain, I urge that

our government mark its condemnation of this latest insult to US by strong positive action.

CHAPIN

864.404/1-2349 : Telegram

*The Secretary of State to the Legation in Hungary*

SECRET

WASHINGTON, January 25, 1949—3 p. m.

59. Appreciate appraisal situation and views outlined ur 87 Jan 20<sup>1</sup> and 99 Jan 23.<sup>2</sup> Though believe advisable determination any formal Dept reaction await receipt full text Hung Yellow Book, meanwhile, reply press inquiries re matter will be made informally along line US Govt categorically rejects imputations by official Hung publication of improper activities on part US Min in whom US Govt has full confidence.

While agree action Hung authorities constitutes new low and have no illusions re their intention make situation you and ur staff as difficult as possible and perhaps ultimately demand ur recall, feel effect development at least partially diminished by severe restrictions which already obtain. Dept believes, moreover, that any Amer Rep in Hung is certain become target Communist lies and abuse and that, in circumstances, US prestige among Hung people is best served, as you point out, by taking no voluntary step which might be construed as confession guilt or weakness.

In light foregoing, believe most advantageous course for present, in terms political and propaganda considerations, is to stand ground and refuse be pressured into any premature or self-penalizing action.

ACHESON

<sup>1</sup> *Supra.*

<sup>2</sup> Not printed; in it Minister Chapin reported that well-informed opinion, both Hungarian and foreign, was appalled by the effrontery of the publication in the Hungarian Yellow Book of the accusations made against the American Government, himself personally, and members of his staff (864.404/1-2349).

701.6411/1-3149

*Memorandum By the Director of the Office of European Affairs (Hickerson) to the Counselor of the Department of State (Bohlen)*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] January 31, 1949.

Subject: Proposal to declare Mr. John G. Florian, First Secretary of the Hungarian Legation, *persona non grata*.

<sup>1</sup> This memorandum appears originally to have been addressed to the Secretary of State (or Under Secretary of State). The responsible officers in the Department of State subsequently agreed that while the matter under consideration need not be considered at that level, it would be appropriate for formal action to be taken at least at the Counselor's level. The source text is initialed by Hickerson.

*Background:*

The Hungarian Government, in a note handed the American Minister in Budapest on January 29, 1949 (Attachment A<sup>2</sup>), demanded that Mr. Stephen Koczak, Second Secretary of Legation and Vice Consul, leave Hungary within 48 hours. This request is based on the pretext that he is "conclusively suspected of carrying out intelligence work in Hungary". In reply to a query by Minister Chapin, the Acting Hungarian Foreign Minister stated that the request had nothing to do with allegations against Koczak in the recently-published "Yellow Book" on the Mindszenty case and that he could not specify the "charges", though they were "extremely grave and serious." Mr. Koczak was to proceed yesterday (January 30) to Vienna.

Having in mind our retaliation in declaring two Rumanians here *personae non gratae* following a similar Rumanian expulsion of our Counselor and Military Attaché from Bucharest, which we described to the press as a "pure coincidence", Minister Chapin has suggested that the Department might wish to discover a like "coincidence" in this instance and expel a corresponding Hungarian officer.

We believe that political and prestige considerations, arising from the obvious timing of this action of the Hungarian Government to coincide with the heightened official propaganda attacks against the US in connection with the Mindszenty case, as well as from the brusqueness of the Hungarian demand and the fact that it is based on groundless charges vaguely stated, make advisable reciprocal action by this Government against a member of the Hungarian Legation staff here. In this connection, EUR suggests that the Department demand the withdrawal of John G. Florian, First Secretary of the Hungarian Legation. It has come to the Department's attention from reliable sources that Florian has attempted to intimidate several former members of the staff of the Hungarian Legation who opposed the present Communist-dominated regime in Hungary and resigned their posts to remain in the US as political refugees. It has also been reported, though this is difficult of confirmation, that he is a representative here of the Hungarian secret police. A biographical note on Florian is attached (Attachment B<sup>3</sup>).

In declaring Florian *persona non grata*, we believe we should, if asked, publicly deny any connection between his expulsion and that of Koczak. While the Hungarians will be under no illusion as to our motivation, we should avoid official adherence to the reciprocity principle which the Hungarians could extend to our disadvantage.

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<sup>2</sup> Attachment A, telegram 135, January 29, from Budapest, not printed (123 Koczak, Stephen).

<sup>3</sup> Not printed.



*Recommendation:*

It is recommended that:

(1) we inform the Hungarian Legation here, by the attached note, prepared in S/S-PR (Attachment C<sup>4</sup>), that the presence of Mr. John G. Florian, First Secretary of the Hungarian Legation, is no longer agreeable to the US Government and that the US Government accordingly requests the Legation of Hungary to take appropriate measures to effect his departure from the US at the earliest possible moment;

(2) we do not issue a press release giving the text of the US and Hungarian notes but, in confirming, if asked by the press, that the Hungarian Government requested Mr. Koczak's withdrawal and that we have requested the withdrawal of Mr. Florian, decline to comment as to any connection between the two cases.<sup>5</sup>

<sup>4</sup> Not printed.

<sup>5</sup> In a memorandum of February 2 to Walworth Barbour, Chief of the Division of Southeast European Affairs, not printed, Hickerson commented as follows on the action proposed here:

"Thompson [Llewellyn E. Thompson, Deputy Director of the Office of European Affairs] thinks that we should be more leisurely about this and take this action say in a couple of weeks. He points out the Hungarians have only three and that we may run out of raw material shortly when they will be down to one and our alternative will be to submit to their picking off our people one by one or breaking relations with them. On balance, I am disposed to waiting a few days and going ahead with this one." (701.6411/1-3149)

Appropriate approval was subsequently obtained for the action recommended here, and on February 9 the Hungarian Legation was informed that Florian was no longer agreeable to the United States Government.

864.404/2-849

*Memorandum by Mr. Marshall S. Carter, Special Assistant to the Secretary of State*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] February 8, 1949.

Clark Clifford<sup>2</sup> called the Secretary this morning at ten o'clock. He thought the Russians had given us an excellent opportunity in the Cardinal Mindszenty case.<sup>3</sup> From the letters and publicity Clifford had seen it looked to him as though the Russians had walked into a hornet's nest. He believes that the Russians have made a colossal blunder and wondered if there was not some way the President could utilize this. He has no concrete suggestions but thought we might effectively gain by issuing a statement at an appropriate time. He said there may be something against it but felt it was well worth looking into. Clifford said that it was apparent the last three days that this

<sup>1</sup> Carlisle H. Humelsine, Director, Executive Secretariat, Office of the Secretary of State, referred this memorandum to Director of the Office of European Affairs Hickerson for action.

<sup>2</sup> Special Counsel to President Truman.

<sup>3</sup> Regarding the arrest and trial of Cardinal Mindszenty, see the editorial note, p. 451.

was not wholly a Catholic reaction but prominent Protestants had also joined, indicating that it was no longer a religious matter in its entirety, but was in effect "freedom vs. tyranny". If there is sufficient reason without establishing a bad precedent it might provide an opportunity to dramatize the basic difference between our two philosophies.

The Secretary agreed that in his opinion the Soviets had made a bad mistake and he would go right to work with the appropriate Department officials as to whether or not a Presidential statement would serve a useful purpose.

Please take appropriate urgent action accordingly (the Secretary indicated that I should discuss this matter with Hickerson). I have not done so but shall await the Department's reaction based on this memo.

M[ARSHALL] S. C[ARTER]

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864.404/2-849

*Memorandum by the Secretary of State for President Truman*

WASHINGTON, February 8, 1949.

Subject: Proposed Statement Concerning the Case of Cardinal Mindszenty of Hungary

With reference to Mr. Clifford's telephone call this morning,<sup>1</sup> I enclose a statement<sup>2</sup> in connection with the conviction of Cardinal Mindszenty which we had contemplated issuing immediately to the press through the State Department press office.

Both the defense and the prosecutor have appealed the decision in the Cardinal's case. While the possibility now seems remote, it appears conceivable that a statement at this time directly by the President or Secretary of State could still react to the Cardinal's detriment.

Accordingly on balance I recommend that, pending the outcome of the appeal and determination of such further action as may seem desirable at that time, this Government's views be expressed through this Departmental release rather than by a direct personal statement.<sup>3</sup>

DEAN ACHESON

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<sup>1</sup> See Special Assistant Carter's memorandum, February 8, *supra*.

<sup>2</sup> For the text of the statement under reference, subsequently issued to the press by the Secretary of State of February 9, see *infra*.

<sup>3</sup> The source text bears the following marginal notation in the President's handwriting: "I think the Secretary of State should issue this statement. I'll back him up tomorrow. H.S.T."

864.404/2-849

*Statement to the Press by the Secretary of State*<sup>1</sup>

No. 77

[WASHINGTON,] February 9, 1949.

The trial of Jozsef Cardinal Mindszenty, upon whom the Hungarian Government has now imposed a sentence of life imprisonment, confirms the Government and people of the United States in the views expressed by the Acting Secretary of State on December 29, 1948.<sup>2</sup> By this conscienceless attack upon religious and personal freedom, as well as by the persecution of Lutheran Bishop Lajos Ordass and other respected Church leaders, the Soviet controlled Hungarian authorities seek to discredit and coerce religious leadership in Hungary in order to remove this source of moral resistance to Communism.

In their conduct of the case of Cardinal Mindszenty, the Hungarian authorities do not appear to have omitted any of the usual methods practiced by a police state. Such proceedings constitute not the administration of justice but wanton persecution. They have evoked universal condemnation, and the Hungarian Government must bear full responsibility for its action.

The cases of Cardinal Mindszenty and other Hungarian church leaders are not isolated developments. During the past two years, with governmental power entirely in the hands of the minority Communist party, the people of Hungary have been increasingly denied the exercise of fundamental human rights and freedoms. Parliamentary opposition, an element indispensable to the democratic process, has been ruthlessly eliminated, the totalitarian controls of State and Party have been laid like a deadening hand upon every phase of daily personal existence, and the Hungarian people have been divested of any real independence.

The people of the United States, and, without question, peoples of other freedom loving nations, are sickened and horrified by these developments and fully comprehend the threat they constitute to free institutions everywhere.

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<sup>1</sup> The Secretary of State read this statement at his press and radio news conference of February 9. During the press conference, the Secretary acknowledged that the United States was considering bringing the Mindszenty case and other developments in Hungary before the United Nations for action. The Secretary also took official cognizance of the accusations made against Minister Chapin during the Mindszenty trial, and he rejected them as "totally false, baseless, and outrageous".

<sup>2</sup> Regarding the statement under reference here, see editorial note, p. 451.



864.404/2-249

*The Secretary of State to the Minister of Ireland (Nunan)*<sup>1</sup>

WASHINGTON, February 9, 1949.

SIR: I have the honor to acknowledge the receipt of the message from the Irish Minister for External Affairs contained in your note of February 2, 1949,<sup>2</sup> and to express my appreciation of Mr. MacBride's courtesy in conveying his suggestion that the President intervene in behalf of Cardinal Mindszenty.

Most careful consideration has been given to that proposal. However, while such intervention might have had a favorable effect, it is believed that a more likely result might have been to crystallize the attitude of the Hungarian Government against the Cardinal and to increase the probability of his execution. In that connection, it was recalled that in the case of the Bulgarian opposition leader Nikola Petkov, the Communist Bulgarian Prime Minister, whose reaction might be expected to be typical of the thinking of Communist-dominated satellite authority, stated that the execution of Petkov was "necessitated" by the intervention of the Western Powers.<sup>3</sup> In the circumstances, it was concluded that the President's intervention for Cardinal Mindszenty would be inadvisable.

You will no doubt have noted that the President's views with regard to the prosecution of Cardinal Mindszenty were publicly expressed at his press conference on December 30, 1949 when he endorsed the comments made by the Acting Secretary of State on December 29 condemning the action of the Hungarian authorities.<sup>4</sup>

Accept [etc.]

For the Secretary of State:

CHARLES E. BOHLEN<sup>5</sup>

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<sup>1</sup> This note was prepared in accordance with a memorandum of February 2 from the Secretary of State to President Truman which the President approved on February 4 (864.404/2-249).

<sup>2</sup> Not printed; in his message External Affairs Minister Sean MacBride referred to the efforts he had made with the Hungarian Government to obtain permission for an Irish representative to visit Cardinal Mindszenty, and he stated that it had occurred to him that President Truman might intervene personally with the Hungarian Government on behalf of the Cardinal (864.404/2-249).

<sup>3</sup> Regarding Petkov, see footnote 3 to telegram 642, August 1, from Sofia, p. 340.

<sup>4</sup> Regarding the statements under reference in this paragraph, see editorial note, p. 451.

<sup>5</sup> Counselor of the Department of State.

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*Editorial Note*

On February 9 the House of Representatives unanimously agreed to a resolution condemning the arrest and sentencing of Alojzije Stepinac, Roman Catholic Archbishop of Zagreb (in October 1946), and József Cardinal Mindszenty, Roman Catholic Primate of Hungary, and expressing the "sense of Congress" that these cases be raised

by the United States in the United Nations or by such other means as might be most appropriate. For the text of the resolution, see Department of State *Bulletin*, February 20, 1949, page 231. The United States Senate adopted a similar resolution on April 11; for the text of that resolution, see *A Decade of American Foreign Policy: Basic Documents, 1941-49*, page 1194.

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*Editorial Note*

At his news conference on February 10, President Truman stated that Secretary of State Acheson's statement regarding the trial of Cardinal Mindszenty (page 461) had his entire approval. The President characterized the court that tried the Cardinal a "kangaroo court". He observed that a police state existed in Hungary, and the Hungarian people were not responsible for the actions of their government. He also said that the possibility that the trial had been a violation of the Hungarian Peace Treaty was being studied. For text of the news conference, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1949* (Washington, Government Printing Office, 1964) pages 130-133.

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123 Chapin, Selden

*Memorandum of Conversation, by the Assistant Secretary of State  
for United Nations Affairs (Rusk)*

CONFIDENTIAL

[WASHINGTON,] February 10, 1949.

Participants: Mr. Sík, The Hungarian Minister

Mr. Rusk, Assistant Secretary of State

Mr. Thompson, Deputy Director for European Affairs

The Minister said he was calling under instructions from his Government to inquire urgently what our intentions were with respect to Minister Chapin in view of the fact that the trial of Cardinal Mindszenty had shown that Minister Chapin was involved. The Minister stressed that an urgent reply was requested.

I pointed out to the Minister that we considered the charges against Minister Chapin to be without foundation, and that as he knew the Government and people of the United States had been shocked and revolted at the conduct of this trial.

Mr. Thompson pointed out that the Minister had reported that despite the implications against him the Hungarian Government had not acceded to his request that a representative of the Embassy be allowed to be present at the trial. He said the Minister had also reported that he had requested the Hungarian Government to furnish a transcript of the trial and the use of any recordings that had been

made. He inquired whether the Minister could state whether or not these had been furnished to Minister Chapin.

The Minister replied that an official transcript of the trial was not made by the court and that the Hungarian Government used the reports provided by the Hungarian press agency. The Minister did not give a clear reply to my question as to whether or not the Hungarian Government accepted this press agency report as official but said his Government considered that the finding of the court, which had been published, clearly involved Minister Chapin. In reply to my question, he said he did not have a copy of the finding of the court nor could he say whether or not a copy had been furnished to the Legation.

I said I would refer his inquiry to the Secretary. The Minister pressed me to fix a time when I would give him a reply, but I confined myself to stating that I would let him know whenever I was in a position to give him a reply.<sup>1</sup>

DEAN RUSK

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<sup>1</sup> In a memorandum of February 11 to Assistant Secretary Rusk, John D. Hickerson, Director of the Office of European Affairs, suggested the following response to Minister Sfk:

"We have no reason to question the conduct of our Minister to Hungary, in whom we have full confidence. We have no intention therefore of taking any action with respect to the vague allegations which have been published in the Hungarian press as a result of the trial of Cardinal Mindszenty. You might also point out that this Government fails to understand the action of the Hungarian Government in refusing to allow Minister Chapin to have a representative from the Legation present at the trial in accordance with his formal request. The views of this Government with respect to the trial itself have already been expressed by the Secretary of State."

Hickerson's memorandum bears the following handwritten comment by Secretary of State Acheson:

"I agree. In the light of what I said at the last press conference, you can be even more vigorous. I think I said that the charges were false and outrageous. DA" (123 Chapin, Selden)

On February 11 Minister Sfk delivered a note to the Department of State stating that Minister Chapin was no longer agreeable to the Hungarian Government and requesting his recall. On February 12 the Department informed Sfk that Chapin would be ordered to Washington for consultation, but that the United States reserved its position in the matter.

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123 Chapin, Selden : Telegram

*The Minister to Hungary (Chapin) to the Secretary of State*

PLAIN

PARIS, February 18, 1949.

700. From Chapin.<sup>1</sup> On my arrival last night orally was requested and agreed to meet press at Embassy. At press conference today made following comments:

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<sup>1</sup> Minister Chapin, whose recall had been demanded by the Hungarian Government on February 11 (see the previous footnote), left Budapest on February 17. His resignation as Minister was accepted by President Truman on May 25. On September 20, Chapin was named by the President to be Ambassador to the Netherlands.

This telegram was transmitted through the facilities of the Embassy in Paris.



"I should like to say first—and you may quote me on this—that it is a wonderful feeling to be able to breath the fresh air on the free soil of France which—like my own country—always stood firm against oppression of any kind and defended the freedom of the individual.

As you know, my Government ordered me home for consultation. I am sure you understand that under these conditions it would be inappropriate for me to discuss at this time, the circumstances surrounding my consultation order.

As far as conditions in the country are concerned which I left yesterday, I would like to say this much: That no one today, except the blind and the twisted can fail to see that the Hungarian people is under the complete, total domination of a group of Moscow-trained Communists whose sole allegiance is to the Kremlin. I can say—and you may quote me on this—that unless a person has actually lived in Hungary (or any of the curtain countries) and learned from personal observation the facts of life, he or she cannot possibly conceive what life is like. I cannot tell you because the truth is beyond imagination and defies description.

Regarding the Mindszenty trial: You all have seen President Truman's full endorsement of Secretary Acheson's statement.<sup>2</sup> I only can add that in the light of my own knowledge of the facts and of the background and circumstances surrounding the trial, I consider that the Secretary's characterization of this trial was stated in measured and restrained terms.

As to the various charges and accusations levelled by the so-called Hungarian Government and the Communist-controlled Hungarian press against me and members of my staff—these are deliberate and fabricated lies, beneath contempt."

[CHAPIN]

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<sup>2</sup> *Ante*, p. 461.

121.5464/3-2349: Telegram

*The Chargé in Hungary (Cochran)*<sup>1</sup> to the Secretary of State

CONFIDENTIAL

BUDAPEST, March 23, 1949—4 p. m.

459. Advirting Legtel 452, March 22,<sup>2</sup> Legation does not assess Hungarian expulsion Colonels Kopcsak and Merrill as direct retaliation.

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<sup>1</sup> William P. Cochran, Counselor of Legation at Budapest, assumed charge of the Legation upon Minister Chapin's departure for Washington for consultation on February 17.

<sup>2</sup> Not printed; it reported receipt of a Hungarian Foreign Ministry note of March 21 demanding the departure from Hungary within 48 hours of Assistant Military Attachés Peter J. Kopcsak and John P. Merrill (121.5464/3-2249). For the text of the note, see Information Department, Hungarian Ministry for Foreign Affairs, *Documents on the Hostile Activity of the United States Government Against the Hungarian People's Republic* (Budapest: Hungarian State Publishing House, 1951), p. 102 (hereafter cited as Hungarian Foreign Ministry, *Documents*).

tion for US refusal grant visas five Hungarian representatives to Cultural and Scientific Conference New York, but analyzes developments as follows: desire Hungarian Government have two officers depart fully apparent for six weeks or so, since first Hungarian note. Reluctance make formal demand this sense equally clear. Consider latter linked with declaration that Minister Chapin *persona non grata*, and that fact we had not reacted thereto left Hungarians uncertain as to just how far we might go and hesitant take any further step worsen situation until our position clear. Once we had refused five visas and announced this our reprisal for treatment Minister Chapin way cleared for positive Hungarian action re Kopcsak Merrill. If this analysis correct, latter decision, which long pending, taken because Hungarians felt could now safely be done, rather than as direct retaliation for refusal five visas, leaving latter consideration as perhaps minor motivation.

In this connection, Legation unable avoid feeling of indignation at long series Hungarian affronts and insults, beginning with earlier Kopcsak-Thielen incident,<sup>3</sup> Hegyshalom provocation, arrest and treatment Ruedemann and Bannantine,<sup>4</sup> discourtesies and threats to Steussy while escorting latter two from Hungary, rudeness of 48 and 24-hour periods fixed for departures Koczak<sup>5</sup> and Steussy,<sup>6</sup> demand for recall Minister Chapin on specious and wholly unsubstantiated charges, and now expulsion Kopcsak and Merrill again with insolent imposition 48-hour time limit. Legation wonders how much of this disrespect and defiance, far exceeding Hungary's Soviet master's example, US, which also sovereign state, must put up with from Hungary, which has obviously long abandoned not only all respect for international law, truth, decency and comity, but also seems have lost all sense proportion. Without advocating descent to Hungarian level

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<sup>3</sup> On January 14, 1948, Lt. Col. Bernard Thielen, Military Attaché at Budapest, and Lieutenant Colonel Kopcsak, while on a routine trip of official nature, were arrested by Soviet troops in Hungary and abducted across the Hungarian frontier to Vienna where intervention by American authorities effected their release. For material on the subsequent exchange of diplomatic communications on the incident, see *Foreign Relations*, 1948, vol. iv, pp. 279 ff.

<sup>4</sup> Paul Ruedemann and George Bannantine, American citizens and officials of Standard Oil Company of New Jersey and of that company's subsidiary firm in Hungary, Magyar Amerikai Olajipari Reszvenytársasag (MAORT), were arrested by Hungarian authorities in September 1948 but were soon released after the intervention of the United States Government. Materials on the incident are included in the documentaion cited in the previous footnote.

<sup>5</sup> Regarding the expulsion of Legation Second Secretary Koczak, see the memorandum of January 31 from Hickerson to Bohlen, p. 457.

<sup>6</sup> In a note of February 9, not printed, the Hungarian Government accused Legation Third Secretary Robin E. Steussy of alleged espionage and of complicity in the flight from Hungary of anti-Communist political leaders. Steussy's departure from Hungary within 24 hours was demanded.

in language or precipitate action, and in full realization Department's decision may be influenced by over-all considerations of which Legation not fully cognizant, has not time come bring Hungarians sharply to senses as for example by telling the sick<sup>7</sup> to fold his tent and depart like the poetic Arabs?

Legation aware past press criticism game badminton with Hungarian and American diplomats and presumes further comments this nature could confidently be expected if foregoing action taken. On other hand, failure react to this latest act in series calculate provocations seems leave US in position of highly undignified supineness inconsistent with its world position and prestige; and it appears equal or greater volume criticism could more justifiably be directed at Department should it fail react at all.

Doubt Hungarians would pursue matter further to point rupture diplomatic relations. However, other reprisal quite possible. Legation views refusals visas American citizens visit Budapest Fair (Bern tel 403, March 22, to Department<sup>8</sup> and oral reports from Vienna) with happy equanimity as just another example Hungarians cutting off own noses, since net result only to deprive them of foreign exchange which badly want. Legation does envisage other snubs such as refusal visas officer and clerical replacements, further restrictions movements contacts Legation personnel, et cetera, and feel Dept would wish weigh these factors in light possible effect on value this Mission as listening post in connection rumored increased pressure and possibly even military action against Yugoslavia.

COCHRAN

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<sup>7</sup> Presumably the text here is as intended by Cochran and was meant to be a play on Hungarian Minister Sik's name.

<sup>8</sup> Not printed.

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121.5464/3-2849

*Memorandum by the Chief of the Division of Southeast European Affairs (Barbour) to the Director of the Office of European Affairs (Hickerson)*

CONFIDENTIAL

[WASHINGTON,] March 28, 1949.

Subject: Expulsion of American military officers from Hungary

The action of the Hungarian Government on March 22 in expelling Lt. Cols. Peter J. Kopesak and John P. Merrill<sup>1</sup> from Hungary on 48 hours' notice (reported in Budapest's telegram No. 452 of March 22<sup>2</sup>) raises the question of the advisability of the US taking

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<sup>1</sup> Both were Assistant Military Attachés at the Legation in Budapest.

<sup>2</sup> Not printed.



reciprocal action against one or more members of the Hungarian Legation staff here.

Preceding developments in this case may be summarized, for background purposes, as follows:

Hungarian police authorities on February 10 attempted unsuccessfully to detain Kopcsak and Merrill, who were on a field trip to Szeged, on the grounds that they had approached the Hungarian-Yugoslav frontier and had taken photographs there without permission.<sup>3</sup> Legation Budapest, in a note of February 11, protested the treatment by the Hungarian authorities of these American officers as discourteous and unwarranted and requested assurances that the Hungarian Government would adopt measures to prevent such occurrences in the future.<sup>4</sup> In reply, on February 12, the Hungarian Foreign Office charged that the US officers had not only entered a restricted zone but had threatened and assaulted a Hungarian official and otherwise misconducted themselves in Szeged. The Foreign Office note concluded by inquiring whether the US should not remove Kopcsak and Merrill before the Hungarian Government found it necessary to request the US to do so.<sup>5</sup> In subsequent notes of March 2 and 11, the Hungarian Government renewed its accusations and inquired concerning US "intentions" in the matter.<sup>6</sup> The Legation, on instructions from the Department, reiterated its protest in notes of February 15 and March 14, and made clear that it had no intention of voluntarily withdrawing the two officers.<sup>7</sup> On March 22, an official of the Foreign Office handed to our Chargé a note requesting the departure of Kopcsak and Merrill from Hungary within 48 hours. Our Chargé stated orally in reply that he considered this demand contrary

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<sup>3</sup> Detailed sworn statements by Kopcsak and Merrill on the incident were transmitted to the Department of State as enclosures to despatch 120, February 17, from Budapest, none printed (121.5464/2-1749).

<sup>4</sup> The text of the Legation's note of February 11 was transmitted in telegram 243, February 11, from Budapest, not printed (121.5464/2-1149).

<sup>5</sup> The text of the Hungarian Foreign Ministry note of February 12, which Minister Chapin described as "unbelievable diplomatic Billingsgate", was transmitted in telegram 254, February 12, from Budapest (121.5464/2-1249). In his telegram 256, February 13, from Budapest, not printed, Chapin commented that the Foreign Ministry note was "the most insulting pseudo-diplomatic communication have ever seen" and the charges against Kopcsak and Merrill were obvious calumny (121.5464/2-1349). For the text of the Hungarian note, see Hungarian Foreign Ministry *Documents*, pp. 100-101.

<sup>6</sup> The text of the Foreign Ministry note of March 2 was transmitted to the Department in telegram 346, March 3, from Budapest, not printed (121.5464/3-349) and telegram 399, March 11, from Budapest, not printed, commented upon the note of that date (121.5464/3-1149).

<sup>7</sup> The instructions under reference were transmitted in telegrams 137, February 14 and 198, March 9, to Budapest, neither printed (121.5464/2-1249 and 3-349).

to diplomatic comity and precedent and pointed out that the Hungarian Government had not yet responded to the substantive portions of US protests. He also cited, as an example of the misstatements contained in previous Hungarian notes on the incident, that the Foreign Office had implied refusal by the officers to pay their garage bill in Szeged, whereas the Legation had the receipted bill and was prepared to produce it upon request.

The Legation has informed the Department that Kopcsak and Merrill would depart within the time limit.

SE believes that the Department should take no measures at this time in retaliation for this action of the Hungarian Government. The Hungarian Legation here has no military personnel assigned to it and no civilian personnel, other than Minister Sik,<sup>8</sup> of a rank equivalent to or higher than that of Colonels Kopcsak and Merrill. SE has no knowledge that any of the present members of the Hungarian Legation staff have engaged in objectionable activities. It is the further view of SE in this regard that this Government should decline, wherever possible without placing itself at a serious disadvantage, to resort to the same tactics used by the Hungarian Communist regime. Moreover, in view of the action which we are planning to take within the next few days in charging the Hungarian Government with violating the human rights clauses of the Peace Treaty,<sup>9</sup> SE feels that there is little likelihood that a decision not to retaliate in the present case will cause the general public or the Hungarian Government to regard US policy in Hungarian matters as passive.

Consistent with its recommendation that no retaliatory action be taken in the Kopcsak-Merrill case, SE believes that we should not issue a press release or stimulate publicity on the matter but that, as regards possible press inquiries, we be prepared to confirm the facts of the case along the lines of the background information summarized above. A draft telegram informing Legation Budapest of the Department's views in the foregoing sense is attached for your approval.<sup>10</sup>

WALWORTH BARBOUR

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<sup>8</sup> On August 11 the Hungarian Legation informed the Department of State that Minister Endre Sik was being permanently recalled to Hungary. No explanation was provided. Sik departed on August 13, and on August 18 the Hungarian Government requested an *agrément* for Imre Horvath as the new Minister in Washington.

<sup>9</sup> For documentation on the efforts of the United States to assure fulfillment of the human rights articles of the Treaties of Peace with Bulgaria, Hungary, and Romania, see pp. 223 ff.

<sup>10</sup> For the telegram, which was duly approved, see *infra*.

121.5464/3-2349 : Telegram

*The Secretary of State to the Legation in Hungary*

CONFIDENTIAL

WASHINGTON, March 30, 1949—noon.

266. After consideration Hung expulsion Kopcsak and Merrill (ur 452 Mar 22<sup>1</sup>), and taking into account analysis contained ur 459 Mar 23,<sup>2</sup> believe inadvisable take retaliatory action at this time against members Hung Leg staff here. Action against Sik not now contemplated since his replacement wld probably be more aggressive and objectionable and such action by US might appear inconsistent US position that Min Chapin called back on consultation rather than in compliance Hung demand.<sup>3</sup> Other Hung personnel here are of minor rank and thus far do not appear engaged objectionable activities. Consider US action to be taken soonest in charging Hung with violation human rights clauses Peace Treaty will effectively preclude any misapprehension here or in Hung lack firmness US policy Hung matters. Also feel advisable in general avoid resort methods used by Communist Govts but, shld occasion later arise which strongly warrants, US wld be strong position act against Hung personnel by reason having shown restraint and balance in face repeated provocation this regard.

In view foregoing, not issuing press release or stimulating publicity but, in event inquiries, will confirm facts re case for background info press.

ACHESON

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<sup>1</sup> Not printed.<sup>2</sup> *Ante*, p. 465.<sup>3</sup> Regarding Minister Chapin's recall, see the memorandum of conversation of February 10, by Rusk, p. 463.

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*Editorial Note*

In a statement issued to the press on May 18, the Department of State commented upon the Hungarian parliamentary election of May 15, 1949. The Department observed that the freedom of political opinion, one of the fundamental freedoms specified in the Hungarian Peace Treaty, had not been protected by the Hungarian Government either in the electoral campaign or in the election itself. The Department further observed that the Hungarian Communist leadership had again drawn the world's attention to the totalitarian character of their regime and their flagrant violations of Hungary's obligation under the peace treaty to secure to the Hungarian people the enjoyment of human rights and fundamental freedoms. For the text of the statement, see Department of State *Bulletin*, May 29, 1949, pages 697-698.



864.00/9-2649 : Airgram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET

Moscow, September 26, 1949.

A-985. Viewed from Moscow, spectacular trial of Rajk<sup>1</sup> and his "accomplices", which is reminiscent of 1937 purge trials here, represents current focal point in Kremlin's efforts to cope with growing problem of Titoism, i.e. nationalist deviations on part of satellite and other foreign communist stooges abroad.

Despite wild, exaggerated accusations against Budapest defendants and their "confessions", it is presumed that they were in reality no more guilty or involved with "western imperialists" than other recent satellite waverers, such as Gomulka,<sup>2</sup> Kostov,<sup>3</sup> etc. Likewise tremendous staging and publicity given Rajk trial contrasts strongly with Albanian purges of last winter,<sup>4</sup> though basic issue—i.e. failure to blindly and unconditionally accept Moscow's leadership—is presumably the same. It also seems obvious that Rajk trial not just aimed at Tito, i.e. merely part of campaign to liquidate present Yugo leaders, but belongs in wider context.

Thus Rajk trial appears as Kremlin's most determined and serious public effort since emergence of Titoism to deal with this cancer of the body-politic of the Soviet-communist world, reflecting Moscow's serious and growing concern over this disruptive force which shows signs of undermining one of most basic principles of "proletarian internationalism", (i.e. Soviet imperialism)—absolute control of satellites and all communists, both at home and abroad. Just as the 1937 purges were carried out in order to ruthlessly eliminate all Soviet opposition to Stalin, the Rajk purge is now directed at the mortal sin

<sup>1</sup> László Rajk, Hungarian Minister for Foreign Affairs (formerly Minister of Interior, 1946-1948) and member of the Politburo of the Hungarian Workers' Party was removed from the government, excluded from the party, and placed under arrest in June 1949. He and six alleged accomplices (including the former Counselor of the Yugoslav Legation in Budapest) were tried in Budapest, September 16-22, 1949, on various charges of anti-Communist and anti-state activity culminating in a Yugoslav-inspired plot to overthrow the Hungarian Government. During the trial Rajk and the other accused confessed at length to their purported criminal activity which included conspiratorial contacts with various American representatives in Hungary. All were found guilty, and Rajk and several others were subsequently executed. The Legation in Hungary transmitted detailed materials to the Department of State on the Rajk trial (Department of State files 864.00 and 811.42700(R)) which was held in public and was reported upon in the world press. The official Hungarian Government texts of the indictment and trial transactions were printed in *László Rajk and His Accomplices Before the Peoples' Court* (Budapest, 1949).

<sup>2</sup> Władysław Gomułka was removed from his position as Secretary General of the Polish Workers' Party in August 1948 and from his position as Deputy Prime Minister and Minister of Regained Territories in January 1949.

<sup>3</sup> Regarding the trial and execution of Traicho Kostov, former Bulgarian Deputy Prime Minister and Bulgarian Communist Party Politburo member, in December 1949, see pp. 363 ff.

<sup>4</sup> Koci Xoxe, former Albanian Minister of Interior and Albanian Communist Party Politburo member, was secretly tried in May 1949 for alleged pro-Yugoslav conspiratorial activities, and he was executed in June.

of nationalism, specifically in Hungary but with worldwide implications, which threatens Kremlin's rule and authority.

Of some interest is fact that charges of Trotskism are now being hurled at Rajk, Tito and their ilk. While Trotsky was originally branded as a "left" deviationist, and "nationalism" has generally been regarded by Bolshevik dogma as a "rightist" sin, Trotskism gradually developed into a general epithet applicable to all former disciples of Leninism-Stalinism who broke with or opposed authority and views of Stalin, thus now adaptable to modern postwar heretics such as Tito.

It will be interesting to observe whether Rajk trial in Hungary is followed by similar spectacular trials in other satellites, and/or purges in other national communist parties abroad (such as the French). Moscow may feel that purpose of trial will have been adequately served by mere declarations of approval and support from communist parties elsewhere, together with unpublicized purges, but nature of Stalinist communism is such that Budapest show may be repeated in other countries, in connection with desire of individual satellite governments to out-do each other in proving devotion to Moscow.

Though communist China will obviously be the great test, Embassy suggests that development of Cominform-Tito split to its present proportions, together with character of current Rajk trial, may be source of considerable satisfaction to western democracies, showing as they do that Stalin's postwar "Empire" has already so clearly revealed basic weaknesses. While communism undoubtedly remains a force of great attractive power to the masses, Soviets have obviously shown serious defects and shortcomings in their "management of empire" from viewpoint of practical ability to organize and hold together other states not now included in the Soviet Union (compare Embassy's A-517 dated May 20, 1949<sup>5</sup>). It is hoped that these "internal" seeds of dissension will continue to develop and plague the Moscow planners.

KIRK

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<sup>5</sup> *Post*, p. 890.

711.64/11-149

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*Department of State Policy Statement*<sup>1</sup>

SECRET

[WASHINGTON,] November 1, 1949.

HUNGARY

A. OBJECTIVES

The long-range objectives of US policy toward Hungary are (1) the revival of an independent Hungarian state having freedom of asso-

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<sup>1</sup> For a definition of Department of State Policy Statements, see footnote 1 to the Policy Statement on Romania, January 14, 1949, p. 521.



ciation in its relations with other states; (2) the assurance to the Hungarian people of an opportunity to choose their own government, develop democratic institutions, and enjoy freely the fundamental human rights and liberties; (3) the eventual admission of an independent and democratic Hungary to membership in the United Nations, its inclusion in any organization for European economic cooperation, and its participation in any steps toward European political union; (4) the encouragement of friendly relations between Hungary and its Danubian neighbors and (5) the establishment of economic relations with Hungary on a basis which will insure non-discriminatory treatment and equal opportunity for US interests and those of other peace-loving states, promote active trade in accordance with ITO Charter principles, contribute to the development of a balanced and expanding Hungarian economy, and enable Hungary to participate effectively in the restoration of a peaceful, stable and prosperous European community.

As these objectives cannot be attained until a major shift in international relationships is brought about, US policy toward Hungary has also more immediate, limited goals under present conditions in eastern Europe. These objectives are: (1) the withdrawal of Soviet troops from Hungary through the earliest possible conclusion of an Austrian settlement; (2) the maintenance of US prestige; (3) the protection of American interests in Hungary and, where effective protection cannot be provided, the preparation of adequate legal grounds for ultimate redress; (4) the implementation of the provisions of the Peace Treaty with Hungary,<sup>2</sup> particularly those relating to human rights and freedoms; (5) the encouragement of the Hungarian people's democratic aspirations and their faith in the values of western civilization; (6) the stimulation of widespread passive resistance to Communist ideology and to the consolidation of totalitarian rule; (7) the development of trade between Hungary and the western European countries along lines which will assist the latter to obtain products needed for their economic recovery and preserve economic ties between Hungary and the west but will not aid in building up Hungary's war potential and thus indirectly Soviet military power.

#### B. POLICIES

The problem of Hungary is part of the larger problems of Europe, the USSR, and eastern Europe. Hungary's present relationships within this complex are influenced less by historical and geographic factors than by the circumstance that it has been divorced from its natural ties with the west and forced into the Soviet orbit, that it is

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<sup>2</sup>For the text of the Treaty of Peace with Hungary, signed at Paris, February 10, 1947, see Department of State, *Treaties and Other International Acts Series* (TIAS) No. 1651.



still under virtual occupation by Soviet troops, and that the instruments of governmental power are firmly held by a Communist minority subservient to the USSR. US policy toward Hungary is therefore generally determined by US policy toward these areas. In carrying out our policies toward Hungary, we expect to continue to consult with the UK in all matters of common concern.

Our present efforts are designed (1) to keep open those channels whereby the US can most effectively influence the situation of the Hungarian people and the internal and external policies of the Hungarian Government; (2) to develop such economic relations with Hungary as we can adequately control in the interest of the European Recovery Program and the preservation of economic ties between Hungary and the west, without at the same time contributing substantially to the military potentials of Hungary and the USSR; (3) to oppose firmly by all available means further encroachments by the USSR and the Hungarian Communists upon US interests in Hungary and upon the rights, liberties, and resources of the Hungarian people; (4) to counteract anti-democratic propaganda, present a balanced view of American life and accurate news and interpretation of world developments, and make clear the contrast between the positive character of US objectives concerning the future of the Hungarian people within a reconstructed European community and the nature of the objectives of the Hungarian Communists and the USSR; and (5) to demonstrate to the USSR and the Hungarian Communists, by steady pressure and the general development of US policy in counter-ing Soviet imperialism, that their domination of Hungary must ultimately be relaxed.

### 1. *Political*

The Soviet occupation forces have repeatedly intervened directly and indirectly in support of the Communist Party in Hungary. The Party and its collaborators, with this foreign support, have been enabled to impose totalitarian rule by subverting the government freely chosen by the majority, suppressing all open political opposition, and abridging human rights and freedoms in violation of the provisions of the Peace Treaty. The Hungarian Communist regime has sought to eliminate western, and particularly US, influence from Hungary. Officially, as well as through the controlled press and radio, it has vilified and falsified US motives and actions with respect to Hungary. It has systematically persecuted pro-western elements and impeded in every possible way the development of normal relations with the US and other western democracies.

At the same time, the regime has betrayed Hungarian independence and sovereignty by subjecting the country to Soviet interference and exploitation and has bound Hungary formally to the USSR and its

other satellites by mutual aid and other treaties and by active participation in the Cominform. This artificial orientation of Hungary, though still not complete in its economic and social phases, is a significant feature of Hungary's subjection to Soviet-Communist rule and may represent a preliminary step toward the ultimate incorporation of the Hungarian Republic in the USSR.

The US on appropriate occasions condemns those acts and policies of the Hungarian Communist regime or the Soviet authorities which violate international commitments, infringe Hungarian independence, impair the fundamental rights and freedoms of the Hungarian people, or undermine friendly relations between the peoples of Hungary and the US. While we realize that US statements and representations in this regard will not of themselves serve materially to improve conditions in Hungary, such expressions are of importance in recording and interpreting Soviet-Communist actions, alerting world opinion to the basic issues involved, and reassuring the Hungarian people of US interest in their welfare. Continued action along this line is also important as a foundation for more decisive measures which the US and other nations may at a later date wish to adopt in concert or through the UN.

The US continues to oppose the admission of Hungary to membership in the UN in the absence of satisfactory evidence that the Hungarian government is able and willing to fulfill the obligations set forth in the Charter of the UN. Its record of Peace Treaty violations indicates that it does not now meet the criteria for admission.<sup>3</sup>

Although we maintain diplomatic relations with the present Government of Hungary, we will periodically review the advisability of this relationship, keeping in mind the diminishing effectiveness of US representation in Budapest due to hostility and obstruction on the part of the Communist regime and the gradual drying up of sources of intelligence. For the present, however, we find it advantageous to continue diplomatic relations in order to avoid formalizing the arbitrary separation of eastern from western Europe, to obtain information on conditions in Hungary, to manifest our interest in the welfare of the Hungarian people, to take every practicable step to protect American interests there, and to exert every possible effort toward achieving our short-term objectives in Hungary.

In general, the Hungarian Government has shown no disposition to fulfill its obligations under the Treaty of Peace. While not anticipating that the attitude of the Hungarian Communist regime will improve in this regard, the US will continue, in concert with the UK, to press for the implementation of treaty provisions and to establish clearly

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<sup>3</sup> For documentation on the attitude of the United States toward the application for membership in the United Nations by Hungary and other Communist-dominated Balkan states, see vol. II, pp. 291 ff.



for the record and for its propaganda value any violation or disregard by the Hungarian Government of its obligations. In this connection, the US, together with the UK and several of the Dominions, has formally charged the Hungarian Government with violating the human rights provisions of the Peace Treaty. We are, and intend to continue, pressing this case under the disputes procedures stipulated in the Treaty until responsibility for these violations is fixed upon the Hungarian regime or the effectiveness of the Treaty procedures in this regard is exhausted. The General Assembly of the UN, acting in support of the steps taken by the US and UK under the Peace Treaty, has expressed increased concern at the accusation against Hungary and the latter's refusal to cooperate in any examination of the charges and has requested an advisory opinion from the International Court of Justice on certain points of fact and law relating to the dispute. It has also retained on its agenda the question of the observance of human rights and freedoms in Hungary. If the Peace Treaty procedures do not yield satisfactory results, we may carry our case to the General Assembly for substantive discussion and appropriate action.<sup>4</sup>

The importance of the Voice of America broadcasts to Hungary and of other phases of the information program has steadily increased in direct proportion to the growing control exercised by the Communist regime over the dissemination of ideas and information within Hungary and to the barriers placed by the government in the way of direct contact between the Hungarian people and the western world. At present, our broadcasts and the distribution by the Legation of the Radio Bulletin are the most effective instruments at hand for informing and influencing the Hungarian people and sustaining their democratic aspirations and their faith in the traditional values of western civilization.

We are not now in a position to anticipate the role of democratic Hungarian political exiles in any future establishment of an independent and democratic Hungary. However, we regard with interest and sympathy activities of these exiles, taken on their own initiative, which unite them on the basis of common devotion to the principles of democracy and freedom for such purposes as unofficial intelligence, mutual welfare, and encouragement of the Hungarian people in their passive resistance to Communism. On the other hand, we would not in existing circumstances view with favor any emigré activity directed toward the formation of a "government-in-exile."

## 2. *Economic*

The condition and prospects of the Hungarian economy and the character of economic policies under the present Communist regime

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<sup>4</sup>For documentation on the efforts of the United States to assure fulfillment of the terms of the Treaties of Peace with Bulgaria, Hungary, and Romania, particularly the human rights provisions, see pp. 223 ff.



are now largely determined by the interests of the USSR. Hungarian economic activity has increasingly followed a discriminatory pattern in favor of eastern Europe, especially the USSR, and has become more and more restrictive where US and other western interests are concerned. This discrimination is particularly evident in the commercial agreements concluded by Hungary with the USSR and the eastern satellite states and in the arrangements respecting the formation and operation of the Hungarian-Soviet joint companies whereby special privileges have been granted to the USSR in such matters as taxation, transfer of profits, guarantees against loss, and extraterritorial privileges. American property interests in Hungary have not only been subjected to discriminatory treatment as compared with Soviet interests but have also suffered from the increasing control imposed by the Hungarian Government over all phases of industrial and business management and operation. In addition many American-owned properties and interests have been lost to their owners without compensation through outright expropriation pursuant to nationalization and land reform measures, transfer to the USSR as "German" assets, sudden imposition of excessive taxes intended to induce bankruptcy, false charges of "economic sabotage", or through simple seizure of premises.

In the case of discrimination and illegal transfers to the USSR, we have attempted and will continue to attempt whenever feasible to use the terms of the Treaty of Peace to protect the American interests involved. We will also continue to publicize the imperialistic methods and aims of the USSR as evidenced in the Soviet penetration and exploitation of the Hungarian economy. In cases of loss to American owners of property through expropriation, the payment of prompt, adequate and effective compensation has been and will continue to be demanded. However, if the Hungarian Government continues to be dilatory in meeting American claims, there is little possibility of our exerting effective pressure. With respect to interference with the rights of American owners and resultant financial loss through the imposition of controls over management, we have found it impossible to invoke the terms of the Treaty of Peace. These controls have taken the form of price fixing, production quotas, wage controls, allocation of raw materials and products, manipulation of taxes, and forced placement of governmental personnel in managerial positions. We expect to formulate any protests to the Hungarian Government against its interference with the management rights of American owners on a basis which will leave the American owner with a supportable claim to title and will enable him to hold the Hungarian Government responsible for all losses or injuries to the property occurring during the period of its control. In the matter of American claims under the Peace Treaty for damages arising from

the war, the Hungarian Government has shown no disposition to institute appropriate measures for the settlement of such cases. However, we should overlook no appropriate opportunity to press for action in this regard.

Despite Hungary's position as a Soviet satellite and non-participant in ERP, we wish to encourage the expansion of regular commercial relations between Hungary and the western European countries in the interest of the rapid economic recovery of western Europe. Negotiations are currently under way, however, to secure agreement of OEEC countries to withhold from export to Hungary certain specified strategic goods. Trade between the US and Hungary has never been of major importance from the US point of view, and strict control is being exercised to insure that the goods exported to Hungary shall not jeopardize US security objectives with regard to eastern Europe.<sup>5</sup> The application of such controls is technically inconsistent with most-favored nation treatment stipulated in the 1925 Treaty of Friendship, Commerce, and Navigation between the US and Hungary; however, security reasons require our regulating the export of goods to Hungary as long as that country permits its economy to be dominated and its policies toward other states determined by the USSR. To the extent that these controls apply to goods in short supply they are also required by the US obligation to give priority to the needs of ERP participants.

Since the Communist political coup of May-June 1947,<sup>6</sup> US Government credits have not been available to Hungary. The Department cannot formally object to the extension of private loans to Hungary by American lenders but, if consulted, would seek to discourage such loans indirectly by pointing out the captive character of the Hungarian economy and other factors which might prejudice the soundness of such transactions from the viewpoint of the lenders. The US is continuing to hold, under the terms of Article 29 of the Treaty of Peace, Hungarian funds and assets which were blocked or vested here during the war. It is the intention of the US to continue to maintain the present status of these assets until there is further clarification of the outlook for the settlement of US claims against Hungary.

General restitution to Hungary from the US Zone of Germany, which has been suspended since April 1948,<sup>7</sup> will shortly be completed in fulfillment of Article 30 of the Treaty of Peace. All pending claims have now been carefully screened for strict conformance to standards

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<sup>5</sup> For additional documentation regarding United States policy on trade with the Soviet Union and Eastern Europe, see pp. 61 ff.

<sup>6</sup> For documentation on the attitude of the United States toward the Communist overthrow of the government of Prime Minister Ferenc Nagy in May-June 1947, see *Foreign Relations*, 1947, vol. iv, pp. 299 ff.

<sup>7</sup> For documentation on the policy of the United States with respect to reparations and restitution from Germany, see *ibid.*, 1948, vol. ii, pp. 703 ff.



of eligibility as defined in the provisions of Article 30, and restitution will not be made of those goods for which the US does not grant export permits to countries under Soviet domination. Restitution will also not be made of captured enemy material or of property which is claimed independently by refugee nationals or non-nationals of Hungary.

On two occasions, first in 1946 upon its own initiative and again in 1948 at the request of the Hungarian Government, the US entered into discussions with the Hungarian Government with a view to the conclusion of a civil air agreement. The outcome in both instances was completely unsuccessful and reflected Hungary's conformity to Soviet policy, which aims at the exclusion of US aircraft from eastern Europe, but at the same time seeks the right for the USSR or its satellites to operate in the air space of other countries. The US will seek, in cooperation with other western countries, to restrict the civil air operations of the USSR and its satellites, including Hungary, to their own orbit, except for occasional flights to western Europe when the *quid pro quo* involves advantages to the western European states concerned.<sup>8</sup>

#### C. RELATIONS WITH OTHER STATES

Hungary's foreign relations and policy are determined in all important respects by the aims and policy of the USSR, and its relations with the other Soviet satellite states are along the lines of the close collaboration dictated by the USSR. This collaboration has been directed consistently toward the objectives of hastening the communization of eastern Europe and of establishing, by means of a network of "mutual aid" pacts, discriminatory economic agreements, and cultural pacts and the Cominform, a European Communist bloc through which the USSR can broaden and intensify its cold war against the US and the democracies of western Europe. There is every reason to assume that the USSR will continue to dominate that country in the furtherance of Soviet interests and will seek to preserve the usurpation of power by the Communist minority, which has demonstrated its complete subservience to the USSR.

The conclusion of an Austrian settlement,<sup>9</sup> providing for the withdrawal from Austria of Soviet occupation forces and the full restoration of Austrian independence and sovereignty, would directly affect the situation of Hungary and place the US and other western Powers in a more favorable position as regards Hungary. At present, the USSR is in military occupation of eastern Austria, thereby sealing off Hungary from direct access to western Europe. It is also exercising

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<sup>8</sup> For additional documentation regarding United States civil aviation policy toward the Soviet Union and Eastern Europe, see pp. 184 ff.

<sup>9</sup> For documentation on the negotiations carried on during 1949 for an Austrian State Treaty, see vol. III, pp. 1066.



the right granted it under the Treaty of Peace with Hungary to keep armed forces in Hungarian territory for the maintenance of the "lines of communication" of the Soviet Army with the Soviet zone in Austria. Withdrawal of these forces accordingly depends upon the conclusion of an Austrian treaty. An Austrian settlement, by opening a door to Hungary from the west and bringing about the withdrawal of the Soviet troops in Hungary, would probably have a definitely favorable psychological effect on the Hungarian people. From the point of view of our Hungarian policy, this probability would warrant continued efforts by the US to bring an early Austrian settlement. At the same time, it should be recognized as equally probable that the conclusion of an Austrian settlement would fail to effect any immediate substantial change in Hungary's relationship to the USSR. The state and party apparatus of internal Communist rule would remain. There would remain also the threat of Soviet armed intervention in support of the Communist minority, for despite the withdrawal from Hungary, Soviet troops would stand on the Hungarian frontier and could conveniently re-enter the country on "invitation" by the puppet government, perhaps under the terms of the Treaty of Mutual Aid and Assistance between Hungary and the Soviet Union.<sup>10</sup>

The most significant current aspect of Hungary's participation in the Cominform is the steadily widening rift which has developed between the Hungarian Government and Communist Party on the one hand and the Yugoslav Government and Communist Party on the other over the heresy of Marshal Tito. We should observe closely all evidences that this schism between national Communist bodies may, in the case of Hungary as well as of the other eastern European satellites, also extend across national boundaries and manifest itself within the national party organization. Such manifestations of disunity, which have also appeared recently within the Communist hierarchy in Hungary, are likely to be symptomatic of serious strains and weaknesses in the Soviet-Communist front which we may wish to aggravate and exploit.

#### D. POLICY EVALUATION

The USSR, by the forcible establishment of a tightly-controlled bloc of eastern European states, has extended its military and political frontiers virtually to the borders of western Europe. While the features of Communist rule under Soviet direction vary somewhat from state to state within this orbit, the over-all pattern is one of great uniformity in such major characteristics as the tested subservience of the ruling Communist clique to the USSR, ideological conformity, the coordination of military and police organizations with those of the

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<sup>10</sup> The treaty was signed in Moscow on February 18, 1948.

USSR, revolutionary economic changes and Soviet economic penetration, and the repression of human rights and freedoms.

It is this basic physical fact of the expansion of Soviet military and political power over a vast area of Europe and the uniform conditions which the USSR has imposed therein which places our Hungarian policy in a derivative relationship to our European and Soviet policies. It follows, accordingly, that the success of our Hungarian policy is linked with, and, so far as our long-range objectives are concerned, dependent upon, the effective implementation of those major policies which bear directly on such fundamental issues as the withdrawal of Soviet armies from Europe, the Atlantic Pact and the Military Assistance Program, the ERP, western European economic and political union, an Austrian settlement, the future of Germany, the conflict of democratic and Communist ideologies, and the unbalance of power on the European continent. The peripheral location of Hungary with respect to eastern and central Europe may, nevertheless, afford opportunities for promoting the instability of the Communist regime, retarding the process of communization, and undermining Soviet influence.

Several other problems must be reckoned with in the development of US policy toward Hungary:

There is a growing, if not overtly demonstrated, revival of anti-Semitic feeling in Hungary. The upsurge of this feeling, while attributed partially to the remaining influence of Nazi doctrines, is also ascribed to the fact that many Hungarian Jews have aligned themselves with the Communists and accepted positions in the political police. Moreover, it is a fact that the Communist Party leadership is itself largely Jewish. On the other hand, the Party, through its policy of absorbing former rank and file members of the Hungarian Arrow Cross (Nazi) Party, harbors a considerable anti-Semitic element. This problem could have tragic results for Hungary and the cause of democracy if, upon Hungary's liberation from the Soviet yoke, the Jewish community as a whole were forced again into the role of scapegoat.

The new order imposed on Hungary has resulted in the virtual destruction of the social structure of the country and consequently is without any organic equilibrium. The Communist regime has reduced the *bourgeoisie*, never very strong, to subservience, has ruthlessly liquidated the remnants of the landed ruling class, and has purged the peasantry of all its leaders who were unwilling to abandon their fundamental principles and traditions. The fear generated throughout Hungary by Communist methods, to the extent that it is not dispelled by outside democratic influence, tends to stimulate the population to right or left extremism. It may well lead to the danger of a violent and repressive rightist counter-revolution if the Com-



munist grip is broken. Any such development would not only involve the continued political and economic subjection of the peasant masses, in whose character lies the real hope of Hungarian democracy, but would also greatly complicate the problem of democratic and peaceful development in the entire Danubian area.

A further problem is that of eventual union or federation of the states of eastern Europe. Such a union or federation can serve constructive purposes and prevent renewed nationalist rivalries and conflicts only if it is based on truly democratic principles and enlists the support of the peasant populations. Real unity cannot be imposed by Soviet-Communist pressure from outside and above. The possibility of eastern European federation under conditions calculated to make it an effective instrument of Soviet policy, as well as the possibility of the ultimate incorporation of the satellite states into the USSR, must, however, be reckoned with.

Finally, there is the problem of qualified leadership. The longer Soviet and Communist rule endures in Hungary, the greater this problem will become. Hungary has successively passed through a period of authoritarian rule between World Wars I and II, the sweeping Nazi purges of 1944, and the even more drastic purges carried out by the Communists. This process, and especially its present phase, has taken heavy toll of democratic leadership in Hungary. In these circumstances, US policy may increasingly be concerned to find ways of assisting the preservation and development of this important human resource against the day of Hungary's liberation.

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#### *Editorial Note*

Robert A. Vogeler, an American citizen and Assistant Vice President of the International Telephone and Telegraph Corporation, was secretly arrested in Hungary on November 18 while on a trip from Budapest to Vienna by officers of the Hungarian State Security Office (AVH—Államvédelmi Hatóság). Vogeler was also Assistant Vice President of International Standard Electric Corporation, the firm which supervised the foreign manufacturing subsidiaries of IT&T, and was serving as that firm's special representative in Austria, Czechoslovakia, and Hungary. Throughout 1949 Vogeler had visited Hungary frequently in connection with negotiations with the Hungarian Government on the terms of operation of IT&T's subsidiary in Hungary, the Standard Electric Company of Budapest. The nature of Vogeler's activities, his negotiations with the Hungarian Government, and the circumstances of his arrest and subsequent police interrogation are described in Robert A. Vogeler (with Leigh White), *I Was Stalin's Prisoner* (New York: Harcourt, Brace and Company,



1951, 1952). The Minister in Hungary, Nathaniel P. Davis, first inquired of Hungarian Foreign Minister Gyula Kállai on November 19 regarding the disappearance of Vogeler. Kállai at that time denied any knowledge of Vogeler's whereabouts. The documents that follow are concerned with efforts to deal with the situation caused by the detention incommunicado of Vogeler.

Vienna Legation Files : 233 Vogeler, Robert : Telegram <sup>1</sup>

*The Minister in Hungary (Davis) to the Secretary of State*

SECRET URGENT

BUDAPEST, November 22, 1949—6 p. m.

1305. Re Legation telegram 1303 <sup>2</sup> Mokma <sup>3</sup> and I saw Foreign Minister by appointment 3 pm (throughout interview Minister appeared very nervous whether this indicates anything specific I do not know). I read left with him strongly worded *aide-mémoire* (copy Department) making following points:

1. All known facts point conclusively detention Vogeler by Hungarian police
2. Police statement to Foreign Minister denying knowledge must be as unsatisfactory to Foreign Minister as to me
3. Detention and refusal to divulge charges must be considered serious matter for both
4. I request opportunity be informed nature of charges and for Mission Consular Officer visit Vogeler to satisfy us his welfare that he has opportunity reply charges and engage counsel satisfactory him.

Foreign Minister replied he now able tell me Vogeler arrested last Friday by security police. Does not know where arrest occurred. Police have evidence including alleged Vogeler confession he engaged sabotage and espionage and involved Geiger escape attempt. Stated Geiger had implicated Vogeler. Also British subject Sanders (who detained last night and who Foreign Minister admitted to me is also detained).<sup>4</sup>

<sup>1</sup> This message is missing from the Central Files of the Department of State. The classified portion of the Budapest Legation files for 1949 was accidentally destroyed in 1964.

<sup>2</sup> Not printed; it reported that Hungarian Foreign Minister Kállai had admitted to Minister Davis that Vogeler was under arrest and was charged with espionage and sabotage against the economy and safety of the Hungarian state. Vogeler was also being charged with implication in the attempted illegal departure from Hungary of Imre Geiger, the General Manager of the Standard Electric Corporation of Budapest (364.1121 Vogeler, Robert A.).

<sup>3</sup> Gerald A. Mokma, Counselor of Legation in Budapest.

<sup>4</sup> On November 22 the Hungarian Ministry of Interior issued a statement to the press announcing the arrest of Vogeler, Geiger, and Edgar Sanders, a British citizen and a representative in Hungary of the International Telephone and Telegraph Corporation. It subsequently became known that other Hungarian citizens, including some government officials involved in the negotiations with Vogeler, had also been arrested.

I replied without seeing alleged evidence and opportunity talk with Vogeler unable pass judgement on nature evidence but fully confident Vogeler not guilty sabotage or espionage. Rather that former whole purpose visit Hungary was conclude arrangements making local factory more productive more profitable. Had told me of his negotiations this regard and I have no knowledge any espionage activity and completely disbelieve allegation.

As to Geiger case Vogeler had told me when former disappeared two weeks ago feared Geiger attempt escape and he would be suspected but stated he had nothing to do with matter.

I said case giving great concern our Government and refusal police furnish information sooner deeply disappointing me personally in view my recent arrival <sup>5</sup> with sincere desire foster friendly relations and assurances all Hungarian officials. I had met their desire cooperate this end. To my remark this case and others in Hungary and other people's democracies make one suppose those countries always assume foreigners are spies he chided me this not happy approach suggested we stick to case in point. I replied very glad stick to case in point. I hoped immediate opportunity Consular Officer see Vogeler. Minister said Hungarian law permitted visit and engage counsel only after completion police investigation. I urged on respective law and regulations Government must always have right exercise mercy and simply humanity demands earliest visit Consular Officer. Minister replied not in his province but would take up with competent authorities secure earliest permission Consular visit inform me soonest. Also disclaimed authority but promised consideration proper quarters my suggestion possibly best way prevent this case develop into serious dispute both Governments expel Vogeler and prohibit his return.

Efforts see Rakosi <sup>6</sup> still fruitless.

Urgent sent Department 1305 repeated Vienna 133.

DAVIS

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<sup>5</sup> On May 13 President Truman accepted the resignation of Selden Chapin as Minister to Hungary and nominated Nathaniel Davis as his successor. Davis was confirmed by the Senate on August 31 and presented his credentials on October 21.

<sup>6</sup> Minister Davis for some days sought unsuccessfully an interview with Mátyás Rákosi, Hungarian Deputy Prime Minister and Secretary General of the Hungarian Workers' Party (the Communist Party in Hungary).

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364.1121 Vogeler, Robert A.: Telegram

*The Secretary of State to the Legation in Hungary*

SECRET      PRIORITY

WASHINGTON, December 2, 1949—8 p. m.

696. Concur opinion ur 1315 Nov 27 (rptd Vienna) in reply Dept 689 Nov 26 (rptd Vienna) that formal note on Vogeler case shld not



be sent Hung FonOff at this time.<sup>1</sup> However, in view lack progress toward obtaining his release (ur 1321 Nov 29 and 1327 Nov 30 sent Vienna<sup>2</sup>). Dept proposes unless you perceive objection, that you call on FonMin or UnSecy Berei soonest and make oral representations along lines paras 1, 2, 3, 4, and, in ur discretion, 5 below:

*Begin* 1. US Govt deeply concerned and dissatisfied at attitude Hung Govt in Vogeler case. Continued inaction in face of ur rptd requests for explanation charges and for opportunity visit Vogeler can only serve confirm public impression, already widespread, that Hung auths have acted irresponsibly and with callous disregard of established principles humanity and equity.

2. US Govt finds no reason to believe charges against Vogeler anything but completely false, and evasiveness Hung officials necessarily corroborates that view and appears indicative of ulterior motives.

3. State of affairs exemplified by this case raises serious question in mind US Govt whether US cits can any longer transact normal business or visit in Hung without suffering intolerable molestation from Hung police auths ranging from surveillance and petty acts of persecution to arbitrary arrest and indefinite detention incommunicado. US Govt is accordingly giving urgent consideration to prohibition all travel by private US cits Hung and to such other steps as may be appropriate in circumstances if Vogeler case is not satisfactorily resolved in near future.

4. Absence prompt resolution Vogeler case must inevitably affect other aspects US-Hung relations.

5. In connection pt 3 above you may express view that, obviously, if situation shld continue wherein US consular officers are prevented from exercising rightful protective functions in cases involving US cits, US Govt wld probably also wish reconsider utility and justification existing arrangements under which Hung has been permitted maintain separate consular establishments in US. *End.*

For urinfo only, if foregoing representations unproductive within reasonable period, Dept contemplating delivery and publication formal protest denouncing conduct Hung Govt and notifying prohibition

<sup>1</sup> In telegram 689, November 26, to Budapest, not printed, the Department of State suggested that the Legation in Budapest continue to press the Hungarian Foreign Ministry for a full explanation of the charges against Vogeler and for immediate opportunity for Legation representatives to interview him. The Department was meanwhile considering the advisability of the Legation addressing a formal note to the Foreign Ministry protesting the Hungarian evasions to date and demanding prompt steps for Vogeler's release (364.1121 Vogeler, Robert A.). In his telegram 1315, November 27, Minister Davis expressed the belief that a note such as was suggested by the Department should be used only as a last resort. Davis continued to hope for a successful informal handling of the matter, Davis did suggest the utility of countermeasures against Hungary including the closure of Hungarian Consulates in the United States (364.1121 Vogeler, Robert A.).

<sup>2</sup> Neither printed; they reported the continued lack of progress despite the daily pressure on the Foreign Ministry. Both Minister Davis and British Minister in Hungary Geoffrey A. Wallinger had lengthy interviews with Hungarian Under Secretary of State for Foreign Affairs Andor Berei. Berei would only promise to ask the police authorities again when Vogeler (and Sanders) could be visited by Legation representatives (364.1121/Vogeler, Robert A.).



travel US cites Hung until further notice. This step wld of course be informally supplemented by Leg inaction, for such period as might be useful, on Hung requests in matters such as entry into US Zone Ger of Hung restitution official or of Swab ex-prisoners war who wish rejoin families there. Dept meanwhile wld also give further consideration advisability closing Hung consulates Cleveland and NY.

Dept believes chances favorable outcome case through Vogeler's release greater if some of these pts are put before Hung Govt prior ur meeting with Rakosi mentioned ur 1328 Dec 1 (rptd Vienna).<sup>3</sup> Any [pts?] not covered in ur interview with FonMin or Berei cld be used if necessary in talk with Rakosi.

Sent Budapest rptd Vienna, Frankfort.

ACHESON

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<sup>3</sup> Not printed; it reported that the Legation had been informed that Rákosi would see Minister Davis during the coming week (364.1121 Vogeler, Robert A.). The interview in fact never took place.

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864.00/12-1149: Telegram

*The Minister in Hungary (Davis) to the Secretary of State*

SECRET      NIACT

BUDAPEST, December 11, 1949—noon.

1348. Will phone Llewellyn Thompson <sup>1</sup> 11 a. m. Washington time December 12 to say for benefit kibitzers Rakosi interview <sup>2</sup> still not set though promised for week now past; therefore, time come for counteraction but will plead 48 hours delay. Or if Rakosi appointment fixed will so report asking in view thereof Department delay retaliatory action pending my report of interview.

Suggest Thompson in his reply agree reluctantly further delay closing Hungarian Consulates and hint blockade Hungarian West German trade imminent if Vogeler not released. Might say in view long delay we no longer demand merely right Consul see him but must now insist his release and departure from Hungary.

Suggest Department summon Hungarian Minister, read him riot act. British Foreign Office doing this Monday. British Minister here seeing Foreign Minister Monday.<sup>3</sup> I will know result before phoning.

DAVIS

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<sup>1</sup> Llewellyn E. Thompson, from July 1949 Deputy Assistant Secretary of State for European Affairs.

<sup>2</sup> Regarding the projected interview with Hungarian Deputy Prime Minister Rákosi, see footnote 3 to telegram 696, December 2, from Budapest, *supra*.

<sup>3</sup> In his telegram 1350, December 12, from Budapest, not printed, Minister Davis reported that British Minister Wallinger had used the strongest terms in his December 12 interview with Hungarian Foreign Minister Kállai, but he had received not the slightest satisfaction. Kállai remained uncommunicative and indicated only that the Hungarian Government considered the charges of espionage against Sanders to be very serious (364.1121/12-1249).

864.00/12-1149 : Telegram

*The Secretary of State to the Legation in Hungary*SECRET  
NIACT

PRIORITY

WASHINGTON, December 11, 1949—6 p. m.

706. Ur 1348 Dec. 11 <sup>1</sup>. Thompson or Perkins <sup>2</sup> will stand by for call 11 a. m. Dec 12 though we seriously doubt that device which may have contributed release Ruedemann and Bannantine <sup>3</sup> will prove effective again present case.

Concur ur outline proposed conversation except all references possible US retaliatory action shld be confined gen term "counter-measures" without mentioning any type of specific measures. We consider it unwise to go as far on specific pts in phone conversation as urtel suggests.<sup>4</sup>

We believe discussion with Hung Min here wld weaken rather than reinforce ur representations and accordingly do not propose call him in at this time.

If meeting with Rakosi does not take place on or before Dec 13, you shld take up matter with FonMin or Berei along lines Dept 696 Dec 2 <sup>5</sup> making forceful demands in terms immed release and departure Vogeler.

ACHESON

<sup>1</sup> *Supra*.<sup>2</sup> George W. Perkins, Assistant Secretary of State for European Affairs.<sup>3</sup> Regarding the Ruedemann-Bannantine case, see footnote 4 to telegram 459, March 23, from Budapest, p. 436.<sup>4</sup> No record of the telephone conversation under reference here has been found, but telegram 1350, December 12, from Budapest, not printed, appears to confirm that it took place as scheduled (364.1121/12-1249).<sup>5</sup> *Ante*, p. 484.

Vienna Legation Files : 233 Vogeler, Robert

*Memorandum of Conversation, by the Minister in Hungary (Davis)*<sup>1</sup>

CONFIDENTIAL

BUDAPEST, December 14, 1949.

Participants: Foreign Minister Kallai  
Mr. Florian (interpreter)  
American Minister  
Mr. Gerald A. Mokma

Omitting preliminary pleasantries,<sup>2</sup> I opened the interview by expressing regret that it was necessary to see the Minister a third time

<sup>1</sup> A brief summary of this conversation was transmitted to the Department of State in telegram 1356, December 14, from Budapest, not printed (364.1121 Vogeler, Robert A.).<sup>2</sup> In his despatch 1127, December 21, from Budapest, not printed, Minister Davis commented upon the tone of this meeting as follows:

"I omitted all pleasantries and spoke more forcefully and acidly than on any other occasion I can now recall in my entire career. I might as well have saved my breath. When I left we were exactly where we had been on the day Mr. Vogeler's arrest first became known." (Vienna Legation Files: 233 Vogeler, Robert)



on the Vogeler case. I had hoped to be able to reach a satisfactory conclusion by an informal discussion with the competent authorities. For that purpose I had long been seeking an appointment with Mr. Rakosi. Two weeks ago the Ministry of Foreign Affairs promised such an appointment for some day during the week just passed. That week had passed and the interview had not taken place. On Monday afternoon, the day before yesterday, the Foreign Office had informed me that the reason that interview had not taken place was that Mr. Rakosi had gone on a vacation at the *end* of last week and would be gone two or three weeks. The newspapers have said a month. In view of this clear evidence of evasion on the part of the Hungarian authorities, I was now in the Minister's office under instructions from my government to make the following statement (which I had written out in advance and which was translated sentence by sentence as I read it).

“1) My government is deeply concerned about the Vogeler case and entirely dissatisfied with the position taken by the Hungarian Government. Despite daily inquiries, the Ministry has so far given no explanation whatever of the charges; neither has it given any answer to my request for permission for a consul to visit him in the customary manner. This denial of all cooperation will be looked upon as proof that the Hungarian Government, as already widely believed by the public, is proceeding in an irresponsible manner contrary to all recognized principles of humanity and equity.

2) My government has no basis for believing the charges against Vogeler as laconically published in the press. On the contrary, we are convinced that they are completely false. In this connection it may be remarked that the evasive attitude of the Hungarian Government can only strengthen this view as well as give the appearance of ulterior motives.

3) The condition of the affair to date raises for the American Government a serious question, whether American citizens can peacefully attend to their normal business within Hungary without risk of intolerable molestation by the police authorities, be this minor shadowing by detectives or be it even to the point of detention by the police for an indeterminate time incommunicado. If this question is not soon answered and in a satisfactory way we must take under urgent consideration the necessity of forbidding Americans to travel to Hungary as well as such other steps as would follow therefrom.

4) The absence of a prompt settlement of this case must inevitably affect Hungarian-American relations in all their aspects. The Hungarian Government has refused for so long—already nearly four weeks—to allow Mr. Vogeler his basic right to the protection of his government against irresponsible police detention and secret proceedings that my government cannot be expected to be satisfied, at this late date, with less than his release and departure from Hungary. The authorities have had more than sufficient time to satisfy themselves of his innocence.”

At the end of paragraph 3 of the written statement I interpolated that expressing my own opinion and speaking now on my own re-



sponsibility and not under specific instructions, it was my view as to such further steps that since our consul is being prevented by the authorities here from performing his basic duties to his fellow citizen my government would be compelled as a first step to reconsider the justification for as well as the utility of the Hungarian consulates in the United States.

After reading the foregoing statement, I said that concluded what I was instructed to say to him. I earnestly begged him to realize that my government meant what it said. It had been very patient but its patience was not inexhaustible. It intends to uphold its rights and to obtain just treatment of its citizens.

The Minister replied as to the Rakosi appointment, I would know that Mr. Rakosi had been very busy what with the meeting of Parliament and other matters, and it was regrettable that he had not had time to see me before departing on his vacation. As to a consular visit, that could not be permitted before the investigation is completed. As to the guilt or innocence of Mr. Vogeler, it was not safe to proceed on assumptions since it had happened before that innocence had been insisted on by interested parties only to have it develop later that the prisoner was in fact guilty. I replied that so far as the Rakosi visit was concerned the Minister's explanation would be satisfactory if taken by itself, but it was unacceptable in view of the fact that I had asked for the interview three weeks ago and had been promised by his own Ministry that it would be arranged during the week just past. As to the continued refusal of the authorities to permit a consular visit, this was a continued evasion of the basic point that in all civilized countries a person detained by the authorities has a right of access to his consul. As to the question of guilt or innocence, my government was completely satisfied that Mr. Vogeler was innocent. He has been charged with espionage; that could only mean on behalf of his own government, and my government had not employed him for any such purpose. The Minister replied that this was a question of fact and I should not overlook the fact that the press announcement had stated that Vogeler had confessed. I replied that neither my government nor I was at all impressed by this statement. I had had some personal experience of detention by police authorities who acted very much like the Hungarians are acting and I know the value of such alleged confessions. At this point Mr. Mokma interjected that it was commonly said by people here in Hungary who know that they are being followed by police agents that in the event of arrest they would confess to anything to avoid having the confession extracted. The Minister replied that reactionary circles spread all kinds of rumors of this sort; for example, they had spread the rumor that the Forint was to be devalued but that had been disproved and other rumors might

also be disproved. He went on to say that he did not consider it a very happy approach to link the case of one individual under investigation on serious charges with the question of Hungarian consulates in the United States. I replied sharply that I was not linking the case of one individual with the Hungarian consulates but rather that of our consulate here being prevented by the Hungarian authorities from performing its duties which made me wonder why Hungarian consulates should be permitted to perform theirs. I added that we were not discussing reactionary rumors, but the concrete fact that for nearly four weeks Mr. Vogeler had been held incommunicado and the authorities continued to prevent our doing anything for him. As for his reference to an unhappy approach, it was the view of my government that the entire approach of the Hungarian Government to this whole case had been most unhappy.

The Minister replied that he could not give me any official answer as to when we might see Vogeler, but he would make inquiries to the competent authorities and let me know. I replied that this was not satisfactory; while I appreciated the Minister's assurances that he would look into the matter, he had been giving me this for three weeks and that's all I had had. I then said that in order that there might be no misunderstanding later on as to what had been said at this interview, I should like his answers to certain specific questions.

(1) Does the Hungarian Government still refuse to permit a consular visit to Mr. Vogeler? The Minister replied, "For the moment, yes".

(2) Does the Minister decline to entertain my request that Mr. Vogeler be immediately put at liberty and permitted to leave Hungary? The Minister replied, "I cannot reply to that now". I then said there seemed to be no purpose in prolonging this interview. I would report it to my government and await developments. I stood up and took my departure.

While saying goodbye to Mr. Florian in the outer office, I told him of Mr. Mokma's recent promotion to the rank of Counselor. Mr. Florian congratulated him and said that that was a nice Christmas present. I said I wished the Hungarian Government would give me a Christmas present. Florian replied, "You know that does not depend on me". I said I knew that, and I was sure that if Mr. Florian were running the Hungarian Government I would have had that Christmas present, adding I was sure of another thing—that if I had been permitted as promised to see Mr. Rakosi, the latter would have given me a Christmas present since I believed that Mr. Rakosi would view this matter in its broad aspects and not from the point of view of a little policeman holding a man in jail—at least such was Mr. Rakosi's reputation.

NATHANIEL P. DAVIS



364.1121 Vogeler, Robert A.: Telegram

*The Chargé in the United Kingdom (Holmes) to the Secretary  
of State*

SECRET

LONDON, December 16, 1949—6 p. m.

5009. Rumbold<sup>1</sup> raised with us earlier today matter of Vogeler (US) and Sanders (Britain) arrested and held incommunicado by Hungarian authorities. He had been informed by British Legation Budapest that US was considering retaliation shutting down Hungarian consulates in US if Hungarian authorities continued refusal to release Vogeler and that Davis was recommending joint Anglo-American action. Rumbold said that proposed action not open to British in any event as there are no Hungarian consulates in UK, and that protest by timed [*precisely timed*] joint Anglo-American action of any sort appeared too complicated to effect. He added however that Britain would wish to take "parallel" action and would wish to exchange information regarding proposed individual actions so as to "keep in line".<sup>2</sup>

Accordingly he asked Department be informed that Foreign Office was considering and if it had sole voice would suspend current negotiations with Hungarian representatives in London on three union [*minor*] trade agreements (one involves certain debt payments, another is over question of Hungarian purchase certain British shareholdings) so long as Hungarian authorities refused British Consul access to Sanders. He pointed out that Treasury and Food Minister would have voice in decision to suspend any such negotiations and that question had been put up to these departments who had expressed some opposition but had not yet given final answer. He said that in fact, pending decision among interested governmental elements, no meetings were being held with Hungary on these agreements though Hungary had not been given reason therefor.

Rumbold said Britain did not intend in any event to ask flatly for Sanders' release but proposed to press demand for right of Consul to see Sanders and obtain full report from him. Rumbold explained that while Foreign Office was convinced Sanders had not engaged in espionage activities he might have been otherwise sufficiently injudicious to give grain of validity to Hungarian charges. Rumbold referred

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<sup>1</sup> Sir Horace Anthony Rumbold, Head of the Southern Department, British Foreign Office.

<sup>2</sup> In his telegram 1341, December 8, from Budapest, not printed, Minister Davis reported that British Minister Wallinger had suggested that the American and British Governments coordinate any eventual public statements made in connection with the Vogeler-Sanders matter or any retaliatory steps taken against the Hungarian Government (364.1121 Vogeler, Robert A.). Telegram 712, December 14, to Budapest, repeated as telegram 4510, December 17, to London, not printed, stated that the Department had no objection to coordinated action in the Vogeler and Sanders cases but believed it would be desirable to avoid identifying the two cases (364.1121 Vogeler, Robert A.).



in passing to an earlier instance concerning British subject where such proved to be case.

Later Rumbold called to say Hungarians had just told Foreign Office that they themselves were suspending trade talks. Hungarian representative gave no reason but referred vaguely to hope talks would be resumed some time next year. Foreign Office now at a loss as to what to do in Sanders' case.<sup>3</sup>

Sent Department 5009, repeated Budapest 34.

HOLMES

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<sup>3</sup>Telegram 5042, December 19, from London, not printed, reported that Hungarian authorities had informed the British Board of Trade orally of a willingness to continue the trade negotiations. The British Foreign Office was able to take the action originally contemplated. The Hungarian Legation in London was informed that all trade and financial negotiations would be suspended until the British Consul in Budapest was given access to Sanders in conditions of privacy and until the British were convinced that Sanders was being treated decently (364.1121 Vogeler, Robert A.).

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711.64/12-2049

*Memorandum of Conversation, by the Under Secretary of State  
(Webb)*

CONFIDENTIAL

[WASHINGTON,] December 20, 1949.

Participants: Mr. Webb, Under Secretary of State

Mr. Imre Horvath, Hungarian Minister <sup>1</sup>

Mr. Yost, Director, Office of Eastern European Affairs

I informed the Hungarian Minister that I had asked him to call in order to present him with a copy of a note on the case of Robert Vogeler which our Minister in Budapest is today presenting to the Hungarian Foreign Office.<sup>2</sup> I pointed out that Mr. Vogeler, who is an important official of an American corporation, has been held incommunicado for over a month in spite of repeated representations by our Legation in Budapest. I emphasized that the US Government regards the failure of the Hungarian Government to respond to our representations in this case with deepest concern and that it is expressing this concern through this note, a copy of which I handed him and which I emphasized is couched in strong terms. At the same time I added that the US Government is today, in view of the unwillingness of the Hungarian Government to afford adequate protection to US citizens traveling in Hungary, announcing that such travel will no longer be permitted.

I concluded by pointing out that, if the Hungarian Government did

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<sup>1</sup> Horvath, the newly appointed Hungarian Minister, presented his credentials to President Truman on October 17.

<sup>2</sup> Regarding the note under reference, see editorial note, *infra*.

not respond to our request for the prompt release of Mr. Vogeler, we would be obliged to consider further measures. Since the Hungarian Government is making it impossible, by denying to our consular officers access to Mr. Vogeler, for them to perform their normal consular functions, we would have to give consideration to whether or not we should longer permit Hungarian consular officers to perform similar functions in this country.<sup>3</sup>

The Hungarian Minister replied very briefly to the effect that he would immediately transmit to his government the remarks which I had made.

JAMES E. WEBB

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<sup>3</sup> Telegram 715, December 19, to Budapest, not printed, stated that if the Hungarian response to the demand for the release of Vogeler proved negative, the Department envisaged further steps within a week or ten days to close the Hungarian Consulates in Cleveland and New York. Minister Davis was authorized to indicate orally to Foreign Minister Kállai the probability of such action (364.1121 Vogeler, Robert A.).

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*Editorial Note*

Acting under instructions contained in telegrams 715 and 716, December 19, to Budapest, neither printed, Minister Davis delivered to the Hungarian Foreign Ministry on December 20 a note denouncing the arrest and detention incommunicado of Robert Vogeler as a flagrant outrage against international law and comity and an "arbitrary, inhumane, and clear denial of justice". The charges of espionage and sabotage against Vogeler were dismissed as "wholly false" and brought about by ulterior motives on the part of the Hungarian Government. The note accused the Hungarian Government of "inaction, evasions, and bad faith" in connection with the efforts of the Legation to gain knowledge of and access to Vogeler, and it warned that the absence of a satisfactory settlement of the matter would inevitably affect other aspects of United States-Hungarian relations. The note concluded by stating that the United States Government was taking steps to prohibit travel by private citizens in Hungary until further notice in view of the evidence that Americans were no longer free to travel or transact business "without suffering surveillance, arbitrary arrest, and other intolerable molestations at the hands of Hungarian authorities and other infringements of their rights". For the text of the note, see Department of State *Bulletin*, January 2, 1950, pages 21-22, or Hungarian Foreign Ministry, *Documents*, pages 157-161. For the text of the Hungarian Foreign Ministry's note of reply of December 24, see *ibid.*, pages 162-163, or Department of State *Bulletin*, January 16, 1950, page 96.

*Editorial Note*

Secretary of State Acheson called upon President Truman on December 20 and reviewed a number of foreign policy matters requiring the attention of the President. The Secretary described recent developments in relations with Bulgaria and Hungary. The President approved the course being followed and directed the Secretary to continue along those lines. (Memorandum by the Secretary of State, December 20, 1949: 711.74/12-2049)

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364.1121 Jacobson, Israel G./12-2749: Telegram

*The Secretary of State to the Legation in Hungary*

SECRET

WASHINGTON, December 27, 1949—7 p. m.

733. Fol is summary JDC views re Jacobson case<sup>1</sup> as stated by Leavitt in meeting with Dept officers (ur 1366 Dec 20 rptd Vienna 165 and Dept 727 Dec 22 rptd Vienna 1757<sup>2</sup>) on Dec 23:

1. While expressing grave concern Jacobson's situation, Leavitt clearly indicated JDC has no intention in present circumstances suspending program Hung. He considers humane and morale obligations JDC to thousands of Jews in Hung now dependent on JDC to sustain life must take precedence over those to Jacobson, even though this may involve sacrifice latter. Also expressed doubt that suspension of operations wld, in any event, benefit Jacobson.

2. Leavitt pointed out that high percentage Jewish community Hung consists aged and women and that, if JDC shld suspend activity even for brief period, many of these people wld die or suffer greatly since Hung Govt wld not provide for them.

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<sup>1</sup> Israel G. Jacobson, the Director in Hungary of the American Joint Distribution Committee (an organization seeking to provide assistance to Jews in Eastern Europe), was arrested by Hungarian police on December 15 while on an automobile trip from Vienna to Budapest. Despite the repeated protests of the Legation in Budapest, Jacobson was held incommunicado until his release on December 28. On December 23 the Hungarian Government announced that Jacobson was being held under arrest on suspicion of espionage.

<sup>2</sup> Telegram 1366, December 20, from Budapest, not printed, reported that the Legation, in pursuance of Department instructions, had delivered an *aide-mémoire* to the Hungarian Foreign Ministry regarding the arrest of Jacobson. For their part Hungarian authorities continued neither to confirm nor deny the fact that Jacobson was under arrest (364.1121 Jacobson, Israel G.). Telegram 727, December 22, to Budapest, not printed, urged the Legation to continue daily oral representations regarding Jacobson. It also stated that the Department had scheduled a meeting with Moses A. Leavitt, the Executive Vice Chairman of the Joint Distribution Committee, for December 23 in order to determine the Committee's views regarding the suspension of its operations in Hungary (364.1121 Jacobson, Israel G.).



3. According to Leavitt, Hung program is largest of current JDC operations and will involve expenditure two and one-half million dollars first six months 1950. However, he does not rule out possibility that during next year Hung Govt, like certain other Eastern Eur Govts, may request JDC terminate its program.

4. When asked whether JDC wld continue adhere present views shld Hung Govt also take action against Berkowitz,<sup>3</sup> Leavitt replied that any such step wld create extremely difficult situation but that JDC wld probably seek send in new rep rather than abandon assistance Jewish community Hung.

5. Although Dept emphasized issues principle and prestige at stake Vogeler and Jacobson cases and called attn possible effectiveness suspension JDC operations in bringing about satis settlement Jacobson affair, Leavitt showed no inclination consider such step. Dept concludes from foregoing that only direct interference JDC relief operations by Hung auths wld change present JDC attitude in matter.

Sent Budapest, rptd Vienna.<sup>4</sup>

ACHESON

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<sup>3</sup> Aaron Berkowitz, Jacobson's principal assistant in Hungary.

<sup>4</sup> Repeated to Vienna as telegram 1776.

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364.1121 Vogeler, Robert A.: Telegram

*The Secretary of State to the Legation in Austria*

CONFIDENTIAL

WASHINGTON, December 27, 1949—7 p. m.

1777. Legation Vienna requested acknowledge Mrs. Vogeler's telegram Dec 14<sup>1</sup> appealing to President personally and her telegram Dec 23<sup>1</sup> to Secretary expressing disappointment ineffectiveness US action to date and urging adoption economic measures reported your 1757 Dec 21.<sup>2</sup> Suggest Legation inform Mrs. Vogeler that officials US government comprehend fully and with the deepest sympathy her anxiety and feelings re plight her husband and that Department together with Legation Budapest is doing utmost bring about his release. You should add that Department is of course giving urgent consideration all possible steps which may contribute that end.

Sent Vienna 1777 repeated Budapest 734.

ACHESON

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<sup>1</sup> Not printed.

<sup>2</sup> Not printed; the measures suggested included the suspension of exports to Hungary and, if necessary, the imposition of a complete economic embargo (364.1121 Vogeler, Robert A.).

364.1121 Jacobson, Israel G./12-2849: Telegram

*The Minister in Austria (Erhardt) to the Secretary of State*

SECRET      PRIORITY

VIENNA, December 28, 1949—10 p. m.

1782. Jacobson released at Schwechat <sup>1</sup> 3:30 p. m. to US authorities. Was confined at Andrassy Utca prison <sup>2</sup> in office, not in cell, under constant guard. All personal papers removed otherwise effects carefully listed and now returned with minor exceptions. Did not see Vogeler. Request to contact Legation and his office refused. Clothing examined and returned except possible suicide instruments. Interrogation began immediately and continued for five days with interruptions for sleep on couch in office only about one hour each day in early morning hours. Constantly faced light and forced sit rigidly during interrogation, nearly collapsed from exhaustion repeatedly. After five days this treatment, was permitted to bathe, food improved, previously threatening and abusive attitude became somewhat solicitous and Commander of Police Gabor <sup>3</sup> said would try to obtain release. 3:30 p. m. December 27 was informed could leave in own car for border in one hour. Police escorted to Hungarian border but despite their assurances to contrary Soviet sentries half mile farther refused permit entry Austria.

In interrogation Jacobson never beaten but alternately accused then requested confess his own and JDC's espionage activities. Was confronted with young male former employee, obviously terrified and believed beaten, who confirmed guilt all charges. JDC distribution system described as widespread spy network throughout Hungary under US official guidance. Trobe <sup>4</sup> and Silver, his predecessor with JDC Vienna, accused assisting US intelligence. Although Jacobson denied ever knowing Vogeler they insisted latter's confession confirmed evidence both linked in espionage activities. Greatest interest shown in contacts with Legation particularly Attachés Muentner,<sup>5</sup> Hoyne,<sup>6</sup> Kopcsak.<sup>7</sup> Was required to explain in writing every appointment in his desk calendar and subjects discussed. Threats of confinement in

<sup>1</sup> Schwechat was the control point on the border between the Soviet zone of occupation of Austria and the city of Vienna. Telegram 1780, December 28, from Vienna, not printed, earlier reported that Jacobson had been released by Hungarian authorities and allowed to leave Hungary but had been detained by Soviet occupation authorities because his travel papers were allegedly not in order. An understanding between American and Soviet authorities on the release of Jacobson was subsequently worked out (364.1121 Jacobson, Israel G.).

<sup>2</sup> The headquarters of the Hungarian secret police. Robert Vogeler was being held prisoner in the same prison.

<sup>3</sup> Presumably the reference here is to Gen. Péter Gábor, the Chief of the Hungarian State Security Office.

<sup>4</sup> Representative in Vienna for the Joint Distribution Committee.

<sup>5</sup> Col. Hilbert F. Muentner, Air Attaché in Budapest.

<sup>6</sup> Lt. Col. John T. Hoyne, Assistant Military Attaché in Budapest.

<sup>7</sup> Lt. Col. Peter J. Kopcsak, Assistant Military Attaché in Budapest from September 1947 to March 1949.

cellar and more unpleasant treatment made repeatedly. Jacobson, naturally frightened, was badly unnerved by revelation that Hungarians aware he went to Yugoslavia in 1945 ostensibly with Jewish mission to aid children, actually for Joint, as secretary to two men later executed in connection Rajk trial. He believes this basis for his arrest. He signed great number of statements and confessions implicating self, JDC, Legation, Vogeler, probably others, in espionage and other offenses. Was often suggested that while JDC would be stopped in Hungary, his confession might permit American staff to leave unmolested. Unable to judge whether this earnest or interrogation trick.

He may have further comment tomorrow when rested. Expects depart for Paris this week.

ERHARDT

364.1121 Vogeler, Robert A. : Telegram

*The Minister in Hungary (Davis) to the Secretary of State*

SECRET

BUDAPEST, December 30, 1949—6 p. m.

1407. Fifty minute interview Berei noon December 30 unproductive progress Vogeler case. Conversation revolved around following points from which he unshaken:

- 1) Vogeler suffering no ill treatment.
- 2) Minister Interior would not have issued December 25 communiqué<sup>1</sup> without ample evidence and this does not mean investigation completed. Such public statements may be made at various stages investigation.
- 3) Speedy release Jacobson<sup>2</sup> proves no anti-foreign bias, each case being treated on merits.
- 4) Juridical examination Consular Treaty discloses no right American citizen see Consul during investigation.
- 5) Foreigners enjoy same rights as Hungarians who may be held incommunicado during investigation.
- 6) Demand for constant visit to Vogeler amounts to demand for preferential treatment to which not entitled by Treaty or otherwise.
- 7) US Govt demanding release and asserting damages reverse of helpful "even if Hungarian authorities had had it in mind to release Vogeler such threatening note could only delay action."

After further talk in which neither conceded anything I proposed to take advantage new year to wipe slate clean by expelling Vogeler, desist further note writing or counter measures, forget matter with view peaceful consideration many questions pending between US and Hungary. Emphasized this my personal proposal without Department

<sup>1</sup> The communiqué under reference announced that Hungarian investigative authorities were convinced that Vogeler had committed acts of espionage against Hungary.

<sup>2</sup> Regarding the release of Jacobson, see telegram 1782, December 28, from Vienna, *supra*.



knowledge. Berei replied would lay it before government but expressed opinion Hungarians would find it difficult accept view over "threatening" note and would give no indication when I could expect reply.

Mokma and I both gained strong impression Berei's words and manner trial determined on and Hungarians expect guilty verdict. For example he commented trial Hungarian accused would be difficult with Vogeler absent implying he is to be chief culprit or at least star witness.

Though recognizing slender hope my suggestion will be adopted recommend Department give me discretion as to timing delivery its reply to Hungarian note of December 24<sup>3</sup> (which I understand Department will telegraph me). I would of course advise Department well in advance (by phone if necessary) of date hour delivery.

Sent Department 1407 repeated Vienna 178 Prague 90.

DAVIS

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<sup>3</sup> Regarding the Hungarian Foreign Ministry note of December 24, see editorial note, p. 493.

## POLAND

### INTEREST OF THE UNITED STATES IN THE CREATION OF CONDITIONS FOR THE DEVELOPMENT OF A FREE, INDEPENDENT, AND PEACEFUL POLAND

711.60C/2-1049 : Telegram

*The Ambassador in Poland (Gallman) to the Secretary of State*

SECRET

WARSAW, February 10, 1949—11 a. m.

200. Ambassador Winiewicz<sup>1</sup> who has now completed talks on higher Polish Government officials and a short stay in his home in Poznan has just been in to see me. As Department is aware I have known Winiewicz well for some years, having met him during war in London. During our talk which was most friendly Winiewicz did not bring up any specific matter touching US Polish relations. The gist of his remarks was that the big political issues affecting US Polish relations had to be dealt with on the highest governmental level and that the most some one in his position could do was to take advantage of whatever isolated opportunities arose to keep relations between the two countries as friendly as possible pending a turn in developments making possible a move on a broad front to advance such relations.

I told Winiewicz that a number of higher Polish Government officials have told me frankly that nothing was to be gained by discussing here in Warsaw the big current political problems (Embdes 705 September 28<sup>2</sup> and Embtel 1373 October 19<sup>3</sup>). I added that I felt however as I have told these officials that there was nevertheless a field, restricted to be sure, within which explorations could be made for advancing good relations between the two countries. I assured Winiewicz that I for my part, would take advantage of every possible opportunity to keep alive the traditionally friendly feeling between the American and Polish peoples.

I shall see Winiewicz again next week. He plans on leaving Warsaw

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<sup>1</sup> Jozef Winiewicz, Polish Ambassador to the United States, on leave in Warsaw for consultation.

<sup>2</sup> Not printed; it reported on a largely courtesy conversation with Polish Acting Foreign Minister Stefan Wierblowski (711.60C/9-2849).

<sup>3</sup> Not printed; it reported on brief conversations with Polish Prime Minister Jozef Cyrankiewicz and Jakub Berman, Under Secretary of State of the Polish Council of Ministers. It was Berman who stressed that there were "big problems" which stood in the way of complete understanding between the United States and Poland (860C.00/10-1849).

for London about February 20. He will remain in London three or four days and then fly to the States.

GALLMAN

123 Opal, Chester H. : Telegram

*The Ambassador in Poland (Gallman) to the Secretary of State*

SECRET

WARSAW, March 17, 1949—5 p. m.

406. Embtel 387 March 16<sup>1</sup>. I called on Modzelewski<sup>2</sup> at noon today at his request.

At the very outset Modzelewski said he had something very unpleasant to take up. On a number of occasions in the past, he said, articles on Poland appearing in the USIS Polish edition of the Bulletin<sup>3</sup> had been found objectionable and the Embassy had been so told. Articles of that nature, however, continued to appear, and in the March 12 issue most offensive one appeared, one in which Poland was called a Soviet satellite, and so serious a view of this was taken, that the Polish Government now had to ask for the immediate recall of the official director responsible, Opal,<sup>4</sup> who was *persona non grata*.

(The article in question appeared in State Department *Bulletin* 52, March 4, under Lake Success dateline March 3, first paragraph of which reads "President Truman's proposal of UN aid to underdeveloped countries has been welcomed by every nation speaking to date in the Economic and Social Council except Poland. The Soviet satellite alleges that it is a scheme to expand exploitation by American big business".)

I replied that I would telegraph the request, but at the same time suggest a review of the Polish Information Office activities in the States. I also wanted to explain, I continued, that our Polish Bulletin never contained articles prepared by Embassy officials. Turning to the March 12 issue which he had before him, I pointed out that the article in question originated in Lake Success. His reply here was that the "vulgar" attacks on Poland in the US press were one thing, but what appeared in an official publication of the US Embassy in Poland was something quite different. By appearing there it became "official".

<sup>1</sup> Not printed; it reported that Modzelewski had requested an interview with Ambassador Gallman (123 Opal, Chester H.).

<sup>2</sup> Zygmunt Modzelewski, Polish Minister for Foreign Affairs.

<sup>3</sup> The Wireless Bulletin was the official news service of the Department of State. It was prepared by the Division of International Press and Publications and transmitted daily by radio (or wireless) to various foreign service posts around the world. The Wireless Bulletin contained full, official texts of pronouncements of the President, the Secretary of State, the Department of State, proceedings of the United Nations, editorial opinion from leading American newspapers, and other important information. Foreign language editions were distributed in various cities by the United States Information Service.

<sup>4</sup> Chester H. Opal, Assistant Attaché at the Embassy in Poland.



I said I could not agree. Items, merely by appearing in the *Bulletin*, did not become "official statement".

He then turned from this line of argumentation and said he wanted to know what I personally thought of the practice of publishing in the Embassy Bulletin articles of the kind of the Lake Success story.

My reply was that we are living in unusual and trying times; that every day the Polish press carried vulgar, vile and false stories about the US; and that the basis of our whole informational program, radio broadcasts and bulletins alike, was to put the truth before the world.

Modzelewski then asked bluntly "do you regard Poland a Soviet satellite?" I replied "I am accredited as Ambassador to a formally recognized government." This did not satisfy him, and he pressed on: "But, I repeat, do you regard Poland a satellite state?" I followed up, with emphasis, that I had given him my answer and I had nothing to add to what I had said.

Modzelewski then said that he found this interview doubly unpleasant. It was unpleasant to tell me one of our officers was *persona non grata* but what he found particularly unpleasant was that I had shown no understanding of his complaint about the *Bulletin*, and now, he said "I want to know when Mister Opal will be recalled?" I replied that in my 26 years in the diplomatic service I had never had a case of this kind to deal with, and I really did not know how long it would take for action on his government's request. I would, though, as I had told him previously, telegraph his request at once.

His last words were that he hoped the Polish language Bulletin would resist from now on dealing with Polish questions and be devoted to telling the Polish people about the US, because he wanted to avoid such unpleasant meetings between us as we had today. I said I hoped very much myself that unpleasantness could be avoided.

The move against Opal shows clearly how telling our informational activities are. The move against him is, of course, calculated to disrupt this work as much as possible having been made so shortly after Schwinn's<sup>5</sup> departure. There is, I suppose, nothing to do but call him home and we shall get along as best as we can. We must for the present rely heavily on Ralph Jones.<sup>6</sup> He is very capable.

My own position will become increasingly difficult. I knew a change would set in sooner or later. Modzelewski was clearly surprised at first at my stand today, and then angered.<sup>7</sup>

GALLMAN

<sup>5</sup> Walter K. Schwinn, First Secretary of the Embassy in Poland, December 1946–February 1949.

<sup>6</sup> Ralph A. Jones, Third Secretary of the Embassy in Poland.

<sup>7</sup> On March 23, Assistant Secretary of State for Public Affairs, George V. Allen, announced that Chester Opal was being transferred to another post at the request of the Polish Government. Allen's statement noted that the Wireless Bulletin article to which the Polish Government had taken exception contained, among other things, an immoderately worded denunciation of President Truman's Inaugural Address by a duly accredited representative of the Polish Government. For the text of the statement, see Department of State *Bulletin*, April 3, 1949, p. 432.

Warsaw Embassy Files : 110 Policy Statements

*Department of State Policy Statement*<sup>1</sup>

SECRET

[WASHINGTON,] June 25, 1949.

## POLAND

## A. OBJECTIVES

The long-term objective of U.S. policy toward Poland is the elimination of Soviet-Communist control over the country and the creation of conditions for the development of a free, independent, and peaceful Polish state, which would be able, without interference from abroad, to determine its own relations with other states, especially the US. More immediate objectives are to demonstrate US interest in and continuing concern for the Polish people, and, by appropriate means, to sustain indigenous opposition to the present Polish regime. Our economic policy toward Poland currently seeks to prevent the Polish economy from contributing to the Soviet military potential, while at the same time allowing for an expansion of trade, on a selective basis, between Poland and western European countries of a character to benefit western European economy.

## B. POLICIES

Internally, the Polish Communist Government is in firm control and the communization of Poland is proceeding steadily along the Soviet model. In the international arena, Poland is a loud and consistent supporter of the Kremlin's foreign policies. With such close synchronization with Moscow, therefore, it is clear that US policy toward Poland cannot now be dissociated from the course of our relations with the USSR.

1. *Political*

Though the Polish Government is completely hostile, the great majority of the Polish people are friendly toward the west, particularly the US. The United States has a deep reservoir of good will among the Polish population, which is an asset we intend to preserve. Accordingly, in the conduct of our relations with Poland, we find it useful to make a distinction between the Polish Government and the Polish people. Our efforts are directed toward facilitating the people

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<sup>1</sup> Department of State Policy Statements were concise documents summarizing the current United States policy toward a country or region, the relations of that country or region with the principal powers, and the issues and trends in that country or region. The Statements provided information and guidance for officers in missions abroad. The Statements were generally prepared by *ad hoc* working groups in the responsible geographic offices of the Department and were referred to appropriate diplomatic posts abroad for comment and criticism. The Statements were periodically revised.



of Poland to recover the ability to determine their own political orientation and to choose a representative government which will reflect their national aspirations. We are thus constantly endeavoring, by whatever means practicable, to demonstrate our interest in, and sympathy for, the Polish people, and at the same time to register our disapproval of the aims and tactics of the Communist-dominated government, which has been established against the will of the Polish people. Our purpose is not to excite the masses to open rebellion, which would be disastrous and futile at this time, but rather to strengthen hope and discourage apathy. Great caution is therefore required both in our disparagement of the government and in our appeals to the populace. We are bearing in mind, in this connection, that there are elements of potential disaffection within the regime itself. This exists not only among Socialists whose long-established party was ruthlessly amalgamated with the Communist Party in December, 1948, but also within the Communist Party ranks, as the deviation of former Vice-Premier Gomulka last summer demonstrated.<sup>2</sup>

We are presently according serious attention to the situation of the Catholic Church, which is coming under sharper government attack in Poland. Of the 24 million Poles, approximately 95 per cent are Catholic. The Church is well-organized and plays a large part in the education and social life of the Polish people. Church-State relations are now entering their most serious stage to date, with the government attacking on the lower levels of the hierarchy rather than at the top as was the case in Hungary. The complaints against the Church include the charge that the clergy has patronized and even cooperated with "criminal and anti-state groups, which are agencies of Anglo-American imperialism." The Church has indicated it will not bow to the government without a major struggle. It is in our interest to help keep this potent and indigenous opposition to Communism in Poland alive and active by whatever means possible.

In our view, the existing differences and disunity among the exiled Polish political leaders is unfortunate, and, consequently, we look with favor upon the efforts currently being made by these leaders to unite; not, however, as a government-in-exile, but rather as a committee, council, or similarly organized body which would be broadly based and representative of thought and opinion among Poles abroad and

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<sup>2</sup>The Polish Workers' Party (the Communist Party in Poland) and the Polish Socialist Party held a merger congress in Warsaw, December 15-21, 1948. The new party was named the United Polish Workers' Party. Władysław Gomułka was Secretary General of the Polish Workers' Party until August 1948 and Polish Deputy Prime Minister and Minister of Regained Territories until January 1949. In November 1949, Gomułka was expelled from his last party leadership post, member of the Central Committee of the Polish United Workers' Party. The extensive reporting by the Embassy in Poland on government and party developments is included principally in the Department of State files: 860C.00, 860C.01, and 860C.00B.



would eschew immediate governmental aspirations. Such a unification of the Polish emigrés would undoubtedly have a beneficial effect inside Poland and would also be consistent with plans regarding similarly organized exile groups from several other eastern European countries.

As the Polish people fully realize, the US furnished much of the money and supplies for the large UNRRA aid Poland received, and we have also given substantial help to the United Nations child feeding program currently operating in the country. In implementing our policy of aiding the Polish people, we offer encouragement to the numerous foreign voluntary relief agencies, including about ten American organizations, functioning in Poland. Our support of these purely humanitarian activities should be continued so long as no controls are established by the Polish authorities which would alter the present character or purpose of the work. Recent reports indicate, however, that most of the foreign agencies may be forced to liquidate their Polish operations by the Polish Government, which feels that the post-war emergency period is now over and that there is no further need for the presence of foreigners in Poland to aid in distributing relief.

All information media in Poland are under the strict supervision of the government, with the result that the population is exposed to a constant flow of violent anti-American propaganda through the press and radio, as well as by other means. We do what we can in a hostile atmosphere and with limited facilities to counteract this propaganda. Perhaps our best weapon is the Voice of America, which has a large audience in Poland. Supplementing the radio broadcasts is the Wireless Bulletin. Although limited to a few thousand copies weekly, the Polish edition of the Bulletin is remarkably effective, and has become a favorite target for criticism by the government, which recently declared the Embassy official responsible for the Bulletin's publication *persona non grata* and demanded his immediate recall.<sup>3</sup> The Polish authorities have repeatedly expressed the view that the Bulletin should inform Poles exclusively about conditions in the US and exclude news from other countries. Our policy, however, is to make available to the Poles information about important world developments wherever they may occur, in view of the exclusion of so much news of this character from their own press and radio. Despite the increasing difficulties under which we operate there, our information program should be continued not only because it falls upon receptive ears but also because it is a live medium of contact with the Polish people and a symbol of our continuing interest in them.

Among the numerous irritants characterizing our current relations

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<sup>3</sup> Regarding the Wireless Bulletin and the Opal incident referred to here, see telegram 406, March 17, from Warsaw, p. 500.

with Poland, none is regarded more seriously by the Polish Government than our policy respecting the Polish-German frontier, provisionally fixed by the Potsdam Agreement which placed an area of eastern Germany under Polish administration pending the final determination of the border. Our attitude toward this boundary question is that we will support a revision of Germany's eastern frontiers in favor of Poland, but the extent of the area to be ceded to Poland is for determination when the final settlement is agreed upon. This statement of the American position was made by Secretary Byrnes at Stuttgart, Germany, in 1946.<sup>4</sup> The policy was reaffirmed and further clarified by Secretary Marshall's statement during the 1947 meeting of the Council of Foreign Ministers at Moscow that the needs of the Polish and German peoples and of Europe as a whole should be taken into consideration in establishing the boundary.<sup>5</sup>

The permanent incorporation of these "Recovered Territories" into Poland is strongly supported by Poles at home and abroad, and is one of the few sources of popular support in Poland for the present Communist-controlled government. Among the major powers, the Soviet Union alone supports the Polish position on this issue. Our policy is continually exploited by the Polish Government, which plays upon popular sentiment in Poland in an endeavor to demonstrate that the US is supporting a recrudescing Germany and is more friendly to a

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<sup>4</sup> On September 6, 1946, at Stuttgart, Germany, then Secretary of State James F. Byrnes delivered an address restating United States policy on Germany; for text, see Department of State *Bulletin*, September 15, 1946, p. 496.

<sup>5</sup> The reference here is to the statement on the Polish-German frontier made by then Secretary of State George C. Marshall at the April 9, 1947 meeting of the Fourth Session of the Council of Foreign Ministers at Moscow. For the text of the statement, see *ibid.*, April 20, 1947, pp. 693-694, or Department of State Publication 3556, *Germany 1947-1949: The Story in Documents* (Washington, Government Printing Office, 1950), pp. 146-148.

The American policy on the Polish-German frontier as formulated by Secretary Byrnes and reaffirmed and clarified by Secretary Marshall was restated by Secretary of State Acheson during a meeting with 10 Congressmen on the afternoon of May 18 on the eve of the Secretary's departure for the Sixth Session of the Council of Foreign Ministers, May 23-June 20, 1949, at Paris. The substance of the Polish-German frontier question was not discussed at the Sixth Session of the Council, but Secretary Acheson adverted to the issue during Council meetings on June 10 and 12. He asked if there was any use in putting forth new proposals on the matter in view of the Soviet attitude that the frontier was final. The Soviet representative never responded to the query (CFM Files, Lot M-88, Paris CFM, Minutes of Meetings). On June 23 Secretary Acheson appeared before an Executive Session of the House Foreign Affairs Committee to report on the recently concluded Council of Foreign Ministers session. Congressman Thomas S. Gordon of Illinois asked whether there had been any discussion of the Polish frontier at the Council's meetings, and Secretary Acheson replied as follows:

"We asked the Russians to state what their position was. This is one of the most embarrassing issues the Russians have to face. 'What is your attitude', we asked the Russians. 'You have said in the past that the present line between Poland and Germany is final and that nobody can discuss it anymore and all a peace treaty can do is to ratify it. You have taken this attitude. There is no use anybody else putting forth proposals if you are not even ready to discuss them. Is that your attitude?' The Russians refused to answer."



former enemy than to Poland. Poland's fear of Germany is genuine, and the permanent incorporation of these former German provinces into Poland represents a major Polish objective rather than a policy laid down by Moscow and concurred in by Poland. Poland's continuing efforts to secure the support of the principal western powers, including the US for final establishment of the Oder-Neisse line would seem to suggest some doubt on the part of the Poles as to the sincerity of the existing Soviet guarantee of the frontier, as well as a fear that the Kremlin might eventually shift the border in Germany's favor if such action would further Soviet objectives in Germany.

Last January, in furtherance of its campaign for the permanent incorporation of this former German territory into the Polish State, the Polish Parliament approved a law abolishing the Ministry for the Recovered Territories and transferring to the jurisdiction of the otherwise competent Ministries all matters which hitherto had fallen under the jurisdiction of the Ministry for the Recovered Territories. The effect of this law is to integrate the area into the general body politic of Poland. The Polish Government has deported from this territory all but a small proportion of the German citizens and racial Germans resident there at the close of the war and is proceeding with the resettlement of the area with Poles.

Since the war we have had considerable difficulties with the Polish Government in connection with our efforts to interview and assist several thousand residents of Poland who claim American citizenship. Most of these people are dual nationals, possessing both Polish and US citizenship. As Polish law does not recognize dual nationality, the Polish authorities regard these individuals exclusively as Polish citizens and, consequently, reject our contention that they may also be US nationals. A mixed Polish-American Nationality Commission was set up in Warsaw to resolve this complicated problem but was unsuccessful owing to the uncompromising attitude of the Polish members. The Commission was dissolved in 1948 at our suggestion, and we issued a warning about the Polish interpretation of their citizenship laws for the information of those who may contemplate travelling to Poland. During recent months the efforts of our Embassy at Warsaw to protect the interests of individuals recognized by the Polish authorities as possessing US citizenship exclusively have met with some success.

Poland is active in United Nations affairs. Their delegates are usually more familiar with life in the west than are the representatives from the USSR, the Ukrainian SSR, and the Byelorussian SSR, and their argumentation is generally likely to be more suave. However, the current chief Polish delegate to the UN, Julijusz Katz-Suchy, combines extreme bluntness and vigor in his attacks on the US with considerable knowledge of life in this country and acute perception of



what arguments are likely to prove most difficult for us to answer. On political issues the Poles vote with the Soviets. Poland has taken the lead for the eastern European bloc in introducing the Spanish question into United Nations discussions and in pressing for measures designed to effect the removal of the Franco regime.<sup>6</sup> The Polish delegation has also expressed special concern with the problem of Germany, particularly the Berlin situation.<sup>7</sup> Poland is a member of the United Nations Special Committee on the Balkans but, like the USSR, has refused to occupy its seat.<sup>8</sup> The Poles maintain a permanent resident delegation to the Economic Commission for Europe (ECE) in Geneva. Both the resident delegate as well as special delegates to particular meetings, although consistently voting with the USSR and following the Soviet lead in debate, have shown a readiness, especially in meetings where the Soviets were not present, to work out compromise solutions and an apparent desire to use the Commission as one means of maintaining economic contacts with the west.

## 2. *Economic*

The government exercises almost exclusive control over the economy of Poland, which is gradually being shaped to serve the long-range objectives developed by the Kremlin for the Soviet-satellite area. Polish industry has been almost completely nationalized and a sweeping program of land reform, involving the division of large estates and the transfer of population from former eastern Poland now incorporated into the USSR to the eastern German provinces now under Polish administration, has been carried out. Furthermore, during recent months a program for the collectivization of Polish agriculture has been announced. Foreign trade, which is subject to strict exchange and licensing controls, is conducted largely by state trading organizations, with an ever diminishing volume falling to private hands. Poland is now in the final year of its Three Year Plan, a short-term program designed primarily to raise the standard of living which had declined severely during the war, and expects to embark in 1950 on a more ambitious plan designed to convert a largely agricultural economy to one predominantly industrialized.

Establishment in Moscow of the "Council for Mutual Economic Assistance"<sup>9</sup> reveals Soviet intentions to coordinate the economies of the satellite countries within a general plan developed by the Council.

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<sup>6</sup> For documentation on United States relations with Spain, see vol. iv, pp. 721 ff.

<sup>7</sup> For documentation on Germany, including the lifting of the Berlin blockade, see vol. iii, pp. 1 ff.

<sup>8</sup> Documentation on the United Nations Special Committee on the Balkans is scheduled for publication in volume vi.

<sup>9</sup> Regarding the establishment of the Council for Mutual Economic Assistance, see pp. 1-9.

Beginning with 1950 the economic plans of all member countries are to be drawn up in conformity with the "advice" of the Council, which all members are "obligated to accept and follow." Within the last year Poland and Czechoslovakia have agreed on joint development of Upper Silesia, which is to become a "Second Ruhr" with large-scale coal, steel, and electric power enterprises. While the Polish-Czech joint development scheme is so far the most tangible illustration of the sort of coordination the Council for Mutual Economic Assistance may foreshadow, there are recent indications of an economic *rapprochement* between Poland and the Soviet Zone of Germany, undoubtedly sponsored by the Soviets, which point in a similar direction.

Our economic policy toward Poland is now designed to support major US foreign policy objectives in Europe, particularly the limitation of eastern Europe's war potential and the recovery and development of the economies of western Europe. In the interest of our own national security and for the purpose of giving priority on US exports to the nations participating in the ERP, the present system of licensing nearly all US exports to European countries was begun in March 1948. In applying these controls to Poland, our objectives are to prevent the export of goods to Poland that would markedly strengthen Polish or Soviet military potential, and to assure the supplies of commodities required by ERP countries.<sup>10</sup>

In 1942 and again in 1946, we sought and received assurances from the Polish Government that it would not adopt measures prejudicial to the objectives of the World Conference on Trade and Employment. Since then, Polish representatives have attended the Geneva Trade Conference as observers and the Havana Trade Conference as delegates. However, Poland did not sign the Havana Charter for an international trade organization. Poland's foreign trade is conducted almost entirely within the framework of bilateral quota and clearing agreements, which appear to discriminate in favor of eastern Europe. There is little likelihood that Poland will abandon a policy of bilateral trade, particularly so long as European currencies remain inconvertible. The only possibilities, therefore, that offer any hope for the development of less restrictive and less discriminatory trade policies are the conclusion of further Polish agreements with western Europe and the continued participation of Poland in international trade conferences.

The 1931 Treaty of Friendship, Commerce, and Navigation between Poland and the US accords imports from Poland most-favored-nation treatment with respect to duties and quantitative restrictions. Under our March 1948 export regulations, exports from the US to Poland are restricted. Poland has charged the US with trade discrimination

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<sup>10</sup> For documentation on United States policy on trade with Eastern Europe and the Soviet Union, see pp. 61 ff.



in violation of the principles of the UN Charter but violation of the 1931 Treaty has not yet been charged. Abrogation of this treaty, which has been considered, does not appear desirable at present.

Since the success of ERP, as presently conceived, depends upon a substantial volume of commerce between western and eastern Europe, we have not opposed the expansion of trade between Poland and western European countries on a selective basis. We seek, however, the voluntary agreement of western European countries, for security reasons, to maintain restrictions of exports to Poland similar to ours.

The International Bank has had under consideration a loan request by the Polish Government, which covers mining equipment for the expansion of Polish coal production. Although recognizing the significant economic reasons in favor of such a credit, we have considered that negative political considerations were overriding, especially Poland's failure to meet international obligations such as compensation for nationalized properties. At present an International Bank coal mining equipment loan to Poland is considered to be less urgent in view of the greatly eased European coal supply situation.<sup>11</sup>

Based on the findings of the Timber Committee of the Economic Commission for Europe, the International Bank has been actively considering a timber credit to a number of timber-producing countries, including Poland. In view of the importance of additional timber supplies to western Europe, we interposed no objection to this credit. Poland, however, rejected participation in this credit because of the Bank's failure to grant the coal equipment credit, and at the eighth session of the UN Economic and Social Council the Polish representative engaged in bitter recriminations against the Bank's policies and those of the United States.<sup>12</sup>

In line with our traditional policy of non-interference with private commercial transactions, we would take no position regarding a private cotton credit to Poland through American exporters or banks, and US export licenses for cotton would probably be approved. A US Government cotton credit, it is felt, could only be justified by a substantial *quid pro quo* to the US or the OEEC countries, regardless of considerations concerning the importance of maintaining the Polish market for American cotton.

We should continue efforts to reach a settlement with Poland on the issue of compensation to US nationals for the loss of their property through nationalization. However, obtaining settlements on this issue must be considered secondary to our major political and economic objectives, such as national security, and east-west trade under ERP.

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<sup>11</sup> Regarding the attitude of the Department of State with respect to economic assistance to Poland, see telegram 228, April 9, to Warsaw, p. 101.

<sup>12</sup> Regarding the International Bank's timber loans in Eastern Europe, see *Current Economic Developments*, No. 224, October 17, p. 157.



We therefore should not yield to the Polish position that the settlement of this issue depends upon favorable US action on export licenses and financial assistance.

The bulk of Polish gold looted by the Germans does not appear to be monetary gold, and therefore Polish claims are not considered to be valid under the terms established by the Tripartite Gold Commission. Our policy with respect to Polish participation in the Gold Pool is that Poland is to be admitted under the same conditions as Austria and Italy; that is, if Poland signs a protocol agreeing to accept any allocation by the Tripartite Gold Commission in full satisfaction of all claims for looted monetary gold and agrees to other arrangements which have been made or will be made by the Gold Commission.

We continue to press for settlement of the Polish lend-lease account on the basis we have proposed—payment by the Polish Government of 125 million zlotys for use by the US Mission in Poland in final discharge of Polish financial obligations under the Lend-Lease Agreement. Our proposal also provides for the retention of US title to lend-lease arms and implements of war and for a mutual waiver of maritime claims arising since the outbreak of the war. The Polish Government has demanded certain export licenses as a condition for concluding a lend-lease settlement which, as in the case of the nationalization agreement discussed above, we do not find acceptable as a basis for negotiation.

During recent months Poland has manifested a lively interest in expanding its civil aviation services. In the western European area aviation privileges are currently desired in Belgium and Denmark, while in the Middle East, Egypt and Turkey are the principal targets. US civil aviation policy toward the Soviet Union and its satellites is set forth in National Security Council paper No. 15/1,<sup>13</sup> and may be summarized briefly as follows: (1) to restrict the civil air operations of the USSR and its satellites to their own territory until the USSR grants, on a reciprocal basis, air rights in Soviet territory to the US and other states desiring such rights; (2) to prohibit the sale of aviation equipment and the use of maintenance facilities to the USSR and its satellites; and (3) to seek the cooperation of other non-curtain states in carrying out our policy on a "common front" basis. The State Department is actively engaged in endeavors to carry out the objectives of this policy, which is applicable to Poland as a satellite of the Soviet Union.<sup>14</sup>

#### C. RELATIONS WITH OTHER STATES

The Soviet Union regards Poland as one of the most critical areas of its security zone in Europe. A large number of Soviet troops are

<sup>13</sup> See editorial note, p. 184.

<sup>14</sup> For documentation regarding United States civil aviation policy toward Eastern Europe and Soviet Union, see pp. 184 ff.

still stationed on Polish territory under the pretext of safeguarding lines of communication with Germany. However, the Soviets have not thus far developed any antidotes for Polish nationalism, increasing dissatisfaction with economic conditions, Catholicism, and the individuality of the Polish peasant. The Kremlin's problem remains one of converting Poland into a reliable dependency as quickly as possible and with the maximum cooperation of the Poles. Pressures exerted on the Soviets by the defection of Tito and the consolidation of the west have prompted Moscow to accelerate Poland's Sovietization with unsatisfactory results to date. Divisive forces are operative within the United Polish Workers Party (Communist) and Soviet popularity has reportedly dropped to the lowest point since the war. Though active organized opposition cannot be expected, and would now be premature, the time of maximum Soviet and Communist appeal to the Poles has perhaps passed, except for the indoctrinable youth.

With the signing of a friendship treaty with Rumania in January 1949, Poland has concluded a network of mutual assistance pacts with all of the eastern European countries within the Soviet orbit except Albania and Finland. It is also bound to these states by a series of economic and cultural treaties designed to present a united Communist front throughout the orbit area. Among its allies aside from the USSR, Czechoslovakia is the most important. Despite a dormant territorial dispute and old animosities on both sides, the Soviet Union has succeeded in inducing these two countries to collaborate closely in the economic field. Polish-Czechoslovak economic integration includes the construction of joint industrial plants, the common development of the Silesian Basin, and increased use of the Oder and of Stettin as outlets for Czechoslovak products. The growing economic isolation of both countries from western markets increases their dependency on each other. Their *rapprochement* is undoubtedly designed to play an important role in augmenting the military, as well as the economic, potential of the eastern European bloc, and to mitigate the industrial drain on the USSR. Cooperation between Poland and Czechoslovakia is spreading from the economic field into the legal, social welfare, and labor fields, drawing the countries closer together with the possible ultimate aim of a federation between them.<sup>15</sup>

Poland has identified itself with the Cominform in its denunciation and treatment of Tito. Since July 1948, Yugoslav-Polish relations have markedly deteriorated. Poland, following the lead of the USSR, has greatly reduced its volume of trade with Yugoslavia, and, on

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<sup>15</sup> Considerable detailed reportage from the Embassies in Warsaw and Praha on cooperation between Poland and Czechoslovakia in the economic field is included in file 760C.60F of the Department of State's Central Files.



Tito's demand, has closed the Polish Information Center in Belgrade.<sup>16</sup> Conversely, Poland has fostered closer relations with Albania. It is one of the first satellites to have concluded an economic agreement with Albania, and is also supplying that country with arms.

Poland, being predominantly Roman Catholic, has traditionally maintained the closest ties with the Holy See. Shortly after its inauguration, however, the Polish Provisional Government denounced the Concordat governing State-Church relations in Poland. The Polish Government is under no illusions concerning the difficulties which Catholic doctrine creates for the Sovietization of the country. This has resulted in an intensive, although subdued, conflict between the State and the Church. So far, Government efforts to introduce Marxist reforms (particularly those dealing with marriage, divorce, education and the training of youth) have been answered in a restrained but determined manner from the pulpits of the Church throughout Poland and through the issuance of pastoral letters and of articles in the few Church-sponsored publications at present permitted in the country. There are some signs that the Church is prepared to abandon its policy of caution and to stand up publicly to the regime, such action would probably be ineffective, but would preserve the Church's moral position for the future.

The UK like the US, is profoundly influenced in its policy toward Poland by its relations with the USSR. As a signatory of the Yalta and Potsdam Agreement,<sup>17</sup> the UK experienced the same lack of success as the US in efforts to bring about the free election of a representative post-war government in Poland. The UK view of the Communist regime in Poland and the tactics it has employed to liquidate political opposition has been forcefully expressed on several occasions to the Soviet Government, as the third signatory of the Yalta and Potsdam Agreements, as well as to the Polish Government.

British policy has shown a tendency to differ from our own in some important respects, notwithstanding the basic identity of views with respect to Poland. The British have considered it desirable to make certain concessions to the Poles with a view to reducing the points of friction between the two governments. The British Labor Party had, until recently, maintained frequent contacts with Polish Socialists. However, elimination of the Socialist Party as a factor of importance in Poland may have an adverse effect on British-Polish political con-

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<sup>16</sup> For documentation on the attitude of the United States toward the conflict between Yugoslavia and the Cominform, see pp. 854 ff.

<sup>17</sup> See Part VI of the Report of the Crimea Conference (the U.S.-U.K.-Soviet Heads of Government Conference at Yalta), February 11, 1945, *Foreign Relations*, The Conferences at Malta and Yalta, p. 973, and Part IX of the Report of the Tripartite Conference of Berlin (the U.S.-U.K.-Soviet Heads of Government Conference at Potsdam), August 2, 1945, *Foreign Relations*, The Conference of Berlin (Potsdam) 1945, vol. II, p. 1508.



tacts in the future. In the economic field, the UK has offered Poland minor credits and facilities in placing Polish orders for capital goods in the UK, and in January 1949 concluded a five-year trade agreement with Poland calling for a yearly exchange of goods valued at about \$130,000,000.

The UK's attitude toward Poland has been complicated by the presence in the UK of the remnants of the war-time Polish government-in-exile and many thousands of Polish troops who, for political reasons, refused to return home after the war. The presence in the UK of an important organized group of Polish emigrés has brought forth a steady stream of hostile Polish propaganda. Probably in an effort to reduce the tension arising from this situation, the British have attempted to dissociate themselves from the activities of dissident Poles abroad, and oppose recognition of any new Polish government-in-exile, or any Polish national committee which might be contemplated by Poles abroad, particularly if such a body should propose to have its seat in the UK. The British Government should be left in no doubt as to our views on Polish affairs, including developments among the emigrés, and must be impressed with the desirability of continuing to act in concert with us in matters affecting our relations with Poland. Any major division of opinion or difference in strategy may result in nullifying both our efforts.<sup>18</sup>

Poland's post-war relations with France have followed an erratic course. The proximity of both countries to Germany, and the similar fate suffered by both in World War II at the hands of the Germans, encouraged the reestablishment of normal relations founded on a certain identity of views regarding the future of the German state. Following the elimination of Communists from the French Government, the participation of France in the ERP and its decisions regarding western Germany, relations between the two countries deteriorated. Poland's request for a treaty of alliance has been met by the French with insistence upon a clause providing that the mutual assistance provisions of the treaty would only become operative after consultation with the three great powers. The Poles do not wish to subject the treaty to prior approval by the UK and the US and the matter has ended in a stalemate. As a result of a series of incidents, Polish-French relations have recently sunk to their lowest level since the end of the war. The Polish Government has been particularly active in seeking to utilize the Polish minority in France as a propaganda target.

The present need of French industry for Polish coal and Poland's need for capital goods, however, continue to serve as an incentive to both countries to maintain normal relations. In February 1949 they

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<sup>18</sup> For documentation regarding the attitude of the United States toward Eastern European exile groups and leaders, see pp. 277 ff.

renewed their trade agreement for one year and even increased the volume of goods to be exchanged. A partial settlement of Polish compensation for nationalized French properties has also been reached. Cultural relations continue normal and French cultural influence in Poland remains important.

Germany is still a focal point of Polish foreign policy. US, British, and French policies in Germany are vigorously attacked as fostering German revisionism and building up German military potential. At the same time, relations with the Russian-occupied zone of Germany are developing under Soviet instigation, especially in the economic field and some political *rapprochement* has also been noted. The Soviet attitude on Poland's western frontier is being closely watched by the Poles, but so far there has been no indication of an impending change in the Soviet Union's stand with regard to the Oder-Neisse line.

#### D. POLICY EVALUATION

In appraising our policy, due weight must be given to the fact that the Poles themselves are not free agents but are compelled to follow the Soviet line in the conduct of their foreign affairs. In the present state of major power relationships, this automatically excludes the possibility of harmonious relations with the US. Our efforts to induce the Poles to pursue policies that are more flexible and better calculated to serve purely Polish rather than Soviet objectives have been fruitless, but we have been able to make the Government aware of the implications, so far as relations with the US are concerned, of its one-sided alliance with the Soviet Union. We have also been fortunate in maintaining our popularity and prestige among the Polish population, despite a ceaseless barrage of hostile Communist propaganda. The Soviet blockade of Berlin and Communist successes in Asia, however, have caused some Poles to speculate about the efficacy of our policy for meeting the Communist challenge. Although we have been unable effectively to influence the Polish Government in the formulation or execution of policy, it is, nevertheless, in our interest to maintain a diplomatic mission in Warsaw. Our Embassy there stands as a symbol of freedom in the eyes of the Polish people, supplies us with useful intelligence, and affords us an opportunity to disseminate information about the US and its policies among a people who would otherwise be deprived of it. Warsaw, the capital of the largest Soviet satellite, is an excellent listening post.

Situated as it is between the Soviet Union and the Soviet Zone of Germany and with Soviet forces to its east and to its west, as well as on its own territory, Poland is at the mercy of Moscow. We must remember, in the conduct of our relations with Poland, that we are dealing with a puppet Government of the USSR and that any representations or negotiations we undertake are likely to be unsuccessful



if our objectives are contrary to Soviet desires. In such circumstances, settlement of issues with Poland must depend upon our ability to secure the Kremlin's acquiescence. Furthermore, because our objectives in Poland are primarily long-range in character, immediate results are generally not to be expected from our policy. Our policy has produced some positive results, however, in the economic field, where the application of our export licensing regulations has deprived Poland of considerable US capital equipment not readily obtainable elsewhere and necessary to advance the country's ambitious industrialization program. Poland has been able, however, to obtain certain strategic goods from western European sources, notably Switzerland and Sweden. While one effect of our economic policy may be to discredit friendly non-communist officials and their more moderate policies, our policy has at the same time helped to disrupt the Polish Communist economic plans. On the other hand, it has likewise resulted in stimulating indigenous production and eastern economic integration, which in the long run will reduce Poland's dependence on the west. As these conflicting factors show, the Poles face a real dilemma in attempting to reconcile their political orientation to the Soviet Union with the necessity of obtaining assistance and increased imports of capital goods and raw materials from the west.

Our publicity activities in Poland are encountering growing opposition from the Government, which is an unerring indication of their effectiveness. We anticipate even greater pressure in the future against this operation, and we may be requested to remove the US Information Office in Warsaw. This would, of course, be vigorously resisted. However, the Government by taking harsh police measures against the patrons of USIS might finally destroy its effectiveness except as a symbol. Such a development would leave us with the Voice of America as our only useful medium of contact with the Polish people. It is essential, therefore, that the Voice of America be made ready now to meet the situation by expanding the Polish language services.

With our knowledge and approval an unofficial committee of prominent US citizens has been formed in New York City for the purpose of assisting financially and otherwise exiled national groups from several of the Communist-dominated European countries. A prime qualification for aid by the committee is that the exiled nationals should form a united organization or front, broadly based and representative. The emigré Polish leaders are anxious to affiliate with the committee, but realize they must first achieve unity among themselves. We have long urged this course upon them. The mass of the Polish emigration is presently in Europe and the focal point of their political activity is London, where a determined effort is soon to be made to form a united front. If the London unification endeavors are successful, then arrangements for association with the New York com-



mittee would be a valuable step forward both for the Poles and ourselves.

760C.61/11-1449 : Telegram

*The Ambassador in Poland (Gallman) to the Secretary of State*

SECRET

WARSAW, November 14, 1949—5 p. m.

1488. We have re-examined Rokossovsky's appointment as Marshal of Poland <sup>1</sup> in the light of recent developments in Poland and Moscow's pronouncements on Germany, and find that after this further consideration our appraisal of appointment is substantially the same as that given in our first messages (see particularly Embtel 1444, November 7,<sup>2</sup> and Weeka 58, November 10 <sup>3</sup>).

We feel that primary, immediate objective of appointment is Moscow's determination to gain firmer control over Polish Army. Reason it feels this necessary at this time is, however, we believe because of long-range objectives. Under present circumstances Soviet control seems adequate and Moscow minions (both Poles and those Soviets who may have been insinuated into Polish services) are effectively, though slowly, whittling down a sea of unreliability. Present rate of correction may however not be considered sufficient in view of conditions Kremlin may anticipate as result her own future actions.

That Kremlin and Warsaw regime have doubts about reliability of Polish Army has been reflected during past year in retirements and shifts of a number of higher Army officers and in the appointment of Ochab, an old time trusted Communist as Vice Minister Defense, with rank of General, charged with political education of Army (Embdes 271, April 25 <sup>4</sup>).

<sup>1</sup> On November 7 the Polish Government announced that Marshal of the Soviet Union Konstantin Konstantinovich Rokossovskiy had been named Marshal of Poland and had been appointed Polish Minister of National Defense. Rokossovskiy had been born in Warsaw. He served in the Russian Army during World War I, in the Red Guard during the Russian Revolution, and in the Soviet Army throughout the inter-war period. He was a leading Soviet army commander during World War II. From 1945 to 1949 Rokossovskiy was Commander of the Soviet Northern Group of Forces, stationed at Legnica, Poland. On November 13 it was further announced that Rokossovskiy had been co-opted to the membership of the Central Committee of the Polish United Workers' Party (the Communist Party in Poland). The incumbent Minister of National Defense, Marshal of Poland Michal Rola-Zymierski, was relieved of his duties and was named a member to the Polish Council of State.

<sup>2</sup> Not printed. It observed that the appointment of Rokossovskiy represented the culmination of the trend of the flouting of Polish national sensibilities by the USSR. The action clearly bore out the greatly reduced importance with which Poland was viewed by Soviet leaders following the establishment of the German Democratic Republic in East Germany in October 1949. The most significant aspect of the appointment appeared to be the opening it gave the Soviet Union to withdraw its troops from East Germany (860C.20/11-749).

<sup>3</sup> Not printed.

<sup>4</sup> In April 1949 Edward Ochab, alternate member of the Politburo of the Polish United Workers' Party (the Communist Party in Poland), was named first Deputy Minister of National Defense with the rank of General of Brigade. The despatch under reference here is not printed.

Because of lack of confidence in Polish Army, Moscow has, as Department knows, kept it relatively poorly equipped. The extent of Moscow's confidence in Polish Army, and perhaps too the purpose for which she now intends using it, should be revealed in coming months in how she equips it. We will closely watch for such development.

We feel other possible motives internal to Polish, as mentioned in some messages from other missions, can also be discarded. For example, as regards suggestion that appointment be signed as first step towards integration Poland into Soviet Union, we continue of opinion that this likely [*unlikely?*] in foreseeable future on principal thesis that Moscow can attain same objectives by other means which would not involve acceptance into Soviet Union of an additional obstreperous nation of basically anti-Russian orientation, higher living standards and so on.

We feel that Moscow's longer range objectives in making appointment have to do with Germany.

Rokossovsky retains command of Soviet troops occupying Poland and apparently as well over Soviet Western Army in Germany. That, it seems to us, puts Moscow in a favorable position to propose the withdrawal of all occupying troops from Germany, a proposal which possibly might be made in connection with a peace treaty offer. Such a move we feel, Moscow could now more easily afford to make. If her offer of troop withdrawal is turned down, she has at least scored a very important propaganda point. But should it be accepted, or should she decide to withdraw her troops anyway, to the discomfiture of the West, she can, in our view, without any apparent real risk withdraw behind the Oder-Neisse Line and with the single command now existing, withdraw and get established in force in Poland with a minimum of delay and difficulty.

The announcement of General Chuikov's appointment as Chief of the Civilian Control Commission in East Germany<sup>5</sup> on the same day as that of Rokossovsky's appointment, may be significant and may well be connected with plans for the withdrawal of troops from Germany. With Rokossovsky in command on the Oder-Neisse Line, and with a military leader (who previously, and possibly still is, Rokossovsky's military subordinate) at the head of the Civilian Control Commission in East Germany, Moscow, no doubt, would feel fairly secure.

In Moscow's longer range planning on Germany some territorial adjustment at Poland's expense no doubt plays a part, and this, too,

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<sup>5</sup> Gen. Vasilii Ivanovich Chuykov, until then Chief of the Soviet Military Administration in Germany, was named Chairman of the Soviet Control Commission in Germany on November 7. The Control Commission was the successor agency to the Soviet Military Administration. For documentation on the attitude of the United States to the changes in the Soviet zone of occupation in Germany, see vol. III, pp. 505 ff.



must have had a bearing on Rokossovsky's appointment. No matter when Moscow attempts that, feeling in Poland will run high. Moscow probably concludes, and no doubt rightly, that only with such joint control of Soviet and Polish troops, as now rests with Rokossovsky, could she risk changes on Poland's western frontier.

In talking with my British colleague, Gainer,<sup>6</sup> I found that his Embassy's estimate of appointment coincides with ours. British Embassy, however, feels that possibility of Polish Government having requested appointment, as was stated in Polish Government announcement, should not be ruled out. Polish Government, so British reason, may have done this in the feeling that with Moscow's choice Marshal, Poland's chances of retaining Oder-Neisse Line would be enhanced. It seems to me, however, that with control over Polish Army, and expanded control over Poland generally which Rokossovsky's appointment gives Moscow, the Oder-Neisse Line, in many respects, becomes western frontier of Soviet Union rather than of Poland, and I do not think that that is relished by even most ardent Polish Communists.

Sent Department 1488, repeated Berlin 201, Heidelberg 10, Frankfurt 47, London 146, Paris 174. Department pass Moscow 207, pouched Praha, Bucharest, Belgrade, Sofia, Budapest.

GALLMAN

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<sup>6</sup> Sir Donald St. Clair Gainer, British Ambassador in Poland.

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125.0060C/11-1449 : Telegram

*The Ambassador in Poland (Gallman) to the Secretary of State*

CONFIDENTIAL

WARSAW, November 14, 1949—6 p. m.

1489. Deptel 591, October 6<sup>1</sup>. On October 7, and again on November 8, we took up by note with Foreign Office our desire to establish Consulate at Katowice this orally to Foreign Office officials on several occasions. We have now received note dated November 11 stating merely that matter is under consideration and that Foreign Office will not fail to inform us when decision has been reached.

As Foreign Office may delay reply indefinitely, I suggest Department give consideration to closing one of Polish Consulates in US, preferably one in industrial center, like Pittsburgh or Detroit, if by,

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<sup>1</sup> In his telegram 993, July 11, from Warsaw, not printed, Ambassador Gallman recommended the reestablishment of a consular post in southern Poland, preferably at Katowice (125.0060C/7-1149). The recommendation was considered within the Department of State in consultation with other interested government agencies. Telegram 591, October 6, to Warsaw, not printed, instructed Gallman to endeavor to obtain the approval of the Polish Government to the establishment of a consulate in Katowice (125.0060C/7-1149).



say December 15, favorable reply has not been received from Polish Government.

While I believe that in long run little is to be gained by blindly applying retaliatory measures, and that in such fields as personal surveillance and travel restrictions a police state like present-day Poland can make our personnel here suffer much more than we can make Polish officials in States suffer, there are occasions when, and fields where, we can effectively strike back. The field of Consulates appears to me to be one.

Should we, on not receiving a reply to our request by December 15, or on being turned down, close one of the Polish Consulates, the Polish Government might close down "Consulate" at Poznan. That consists only, however, of two hotel rooms used chiefly when USIS officers visit there. Closing of this "Consulate" would not greatly handicap us. Only other Consulate is Gdansk and as it is of considerable convenience to Polish Government, particularly in connection with *Batory*,<sup>2</sup> I doubt Polish Government would ask that it be closed.

Department's reaction to my proposal would be very much appreciated.<sup>3</sup>

GALLMAN

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<sup>2</sup> The Polish liner *Stephen Batory* sailed regularly between Gdansk and New York.

<sup>3</sup> Telegram 683, November 21, to Warsaw, not printed, instructed Ambassador Gallman to again take up the question with the Polish Foreign Ministry pointing out the interest of the United States in opening a consulate in Katowice and registering surprise over the continued Polish delay in granting approval. The Department preferred to delay further consideration of possible retaliatory measures until after additional representations had been made (125.0060C/11-1449).

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760C.61/11-1749 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET

Moscow, November 17, 1949—6 p. m.

2860. Rokossovsky's elevation to CC Polish Workers Party clearly goes further than original Polish request that he be made available "for service with Polish Army". This development, together with other changes top Polish Communist leadership (Warsaw's 1491 to Department November 15<sup>1</sup>), reflects both Kremlin's current attitude towards

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<sup>1</sup> Not printed. It reported that the Polish press had announced the results of a plenary meeting of the Central Committee of the Polish United Workers' Party, November 11-13. The principal result was the expulsion from the Central Committee of Wladyslaw Gomulka, former Secretary General of the Polish Workers' Party until August 1948 and Polish Deputy Prime Minister and Minister of Regained Territories until January 1949, Zenon Kliszko, former member of the Politburo of the Polish Workers' Party until August 1948, and Marian Spychalski, member of the Politburo of the Polish United Workers' Party and Minister of Reconstruction (860C.00B/11-1549).

Poland which it will be remembered since 1795 formed an integral part of Russian empire, and Politburo's fears of nationalist deviations in this strategic land bridge to central and Western Europe. Since Poles have always displayed intense feeling nationalism even when partitioned, whether under either Russian, German (Prussian) or Austrian sovereignty, regard Rokossovsky's new appointments as corrective or precautionary in character, and, as analysed Warsaw's excellent 1488 to Department November 14,<sup>2</sup> probably connected future Soviet moves Germany.

Re specific moves Germany, Embassy still feels most likely possibilities requiring stronger hold on Poland are withdrawal occupation troops from Germany and alteration Oder-Neisse line, or combination both. As indicated Embtel 2794 November 8,<sup>3</sup> do not believe either step likely just yet, though as in all western attempts estimate future Soviet actions, surprises are always possible. Withdrawal troops (on general model Korean experience) would appear to necessitate further prior development paramilitary "police" forces Soviet Zone. Likewise, would not expect Oder-Neisse "ace in hole" to be played out unless national front movements position in Germany, including western zones, had improved to extent that such frontier alteration might bring decisive results in battle for Germany. Relative timing these possible moves also obviously difficult to predict. Thus possible that Moscow might find it safer not to monkey with Poland's western frontier unless Red Army troops still located Germany. On other hand, troop withdrawal and resulting pressure on Western powers do likewise might be expected to boost national liberation front, together with evident Moscow hopes of growing economic difficulties Western occupation powers, to point that Oder-Neisse ace could be played. In any case, cynical language used August 29 Soviet note to Belgrade re Yugoslav-Austrian claims (Embdes 505 September 3<sup>4</sup>) re changes Polish frontiers resulting from World War II suggests manner in which Soviets might claim future changes in no way contradict "integrity" Polish state or Stalin's nationality policy.

Sent Department 2860. Department pass Warsaw 104, Frankfurt 79, Paris 404, London 313.

KIRK

<sup>2</sup> *Ante*, p. 516.

<sup>3</sup> Not printed. In it Ambassador Kirk suggested that the Rokossovskiy appointment was probably a precautionary move by the Soviet Union to assure continued control in Poland in view of some contemplated actions in East Germany which might endanger Polish submission. The most obvious possibility would be some alteration in the Oder-Neisse line between Poland and East Germany (760C.61/11-849).

<sup>4</sup> The despatch under reference here is not printed. Regarding the Soviet note of August 29 and the earlier exchanges between the Soviet Union and Yugoslavia on the same subject, see telegram 2042, August 13, from Moscow, p. 922.

## ROMANIA

### PRINCIPAL PROBLEMS IN THE RELATIONS BETWEEN THE UNITED STATES AND ROMANIA

711.71/1-1449

#### *Department of State Policy Statement*<sup>1</sup>

SECRET

[WASHINGTON,] January 14, 1949.

## ROMANIA

### A. OBJECTIVES

The long-range objectives of US policy concerning Rumania are (1) recovery by Rumania of truly independent statehood with freedom to conduct its relations with other states; (2) constructive integration of Rumania, politically and economically, into a stable and peaceful Balkan community of similarly free states, into a well-coordinated European community and into the world community of nations; (3) reestablishment in Rumania of a regime based upon law rather than upon the arbitrary authority of dictatorial government; (4) enjoyment by the Rumanian people of human rights and fundamental freedoms; (5) opportunity for the Rumanian peoples to develop through free institutions along genuinely democratic lines, to participate freely in political activities and to choose a broadly representative government responsive to their will; (6) a healthy, expanding Rumanian economy involving an active and broad extension of commercial relations and assuring to American interests an equal opportunity with those of any other country.

Because until some major change in international power relationships occurs there is virtually no possibility that the foregoing objectives may be attained, US policy concerning Rumania includes certain limited goals established with a view to existing circumstances. These short-term objectives of US policy toward Rumania are (1) protection, so far as possible in the circumstances, of American interests in

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<sup>1</sup> Department of State Policy Statements were concise documents summarizing the current United States policy toward a country or region, the relations of that country or region with the principal powers, and the issues and trends in that country or region. The Statements provided information and guidance for officers in missions abroad. The Statements were generally prepared by *ad hoc* working groups in the responsible geographic offices of the Department of State and were referred to appropriate diplomatic missions abroad for comment and criticism. The Statements were periodically revised.



Rumania and the defense of US prestige against a systematic attempt on the part of the present Rumanian authorities to undermine it; (2) an effort within the limits of practicability to obtain implementation of the Treaty of Peace with Rumania;<sup>2</sup> (3) removal of the justification for retaining Soviet forces in Rumania, by the earliest possible conclusion of an Austrian settlement;<sup>3</sup> (4) support for the morale of the preponderant majority of the Rumanian people by keeping alive their faith in the values of Western civilization, by fostering in them genuinely democratic aspirations, and by evincing American interest in their welfare; (5) encouragement of passive (but not abortively overt) resistance by the Rumanian people to the totalitarian system and to the Communist ideology which is being imposed upon them; (6) development of such trade between Rumania and the west as can be adequately controlled to serve the interests of European recovery and unification without substantially or critically augmenting the war potential of Rumania and of the USSR, and which might ultimately tend to relax the stranglehold upon Rumania of the USSR and its satellite regime.

#### B. POLICY ISSUES

Current problems of US relations with Rumania cannot be substantially resolved or even, in most respects, mitigated apart from the larger context of issues involved in our relations with the USSR, with the eastern European sphere of Soviet domination and, conversely, with the countries of western Europe. US relations with Rumania have become a component of these predominant relationships. Accordingly, US policy toward Rumania, in all essentials, is contingent upon and must derive its formulation from US policy as regards these major political, economic and geographic elements.

From this broader perspective, current US policy as regards Rumania involves: (1) keeping open effective channels of influence on the Rumanian situation, on Soviet-Rumanian policies affecting the internal affairs and external relations of that country and on the latent Rumanian opposition; exploring possibilities of new avenues and methods of influence; (2) setting forth and emphasizing positive elements of US policy toward Rumania; (3) demonstrating by constant pressures, related to the over-all measures for containment of Soviet-Communist expansion and for the rehabilitation of Europe, that this aggression has been blocked and is destined ultimately to fail; (4) opposing further encroachments by the USSR and the Rumanian Communists; (5) vigorously counteracting anti-US Com-

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<sup>2</sup> For text of the Treaty of Peace with Romania, signed at Paris, February 10, 1947, see Department of State, *Treaties and Other International Acts Series* (TIAS) No. 1649.

<sup>3</sup> For documentation on the negotiations during 1949 of an Austrian State Treaty, see vol. III, pp. 1066 ff.

munist propaganda; (6) employment of appropriate measures to preserve at least legal grounds for American rights and interests in Rumania and to obtain adequate compensation for loss or impairment of those interests.

It is contemplated that, in pursuit of these objectives the US will confer with other cooperative states, and in particular with the UK, on all matters of similar or common concern.

### 1. *Political*

Contrary to Soviet pre-armistice<sup>4</sup> promises not to interfere with the social structure of Rumania and in violation of commitments underwritten by the USSR in the Yalta Declaration,<sup>5</sup> the prolonged Soviet occupation of Rumania (which was made possible by the Armistice Agreement and legitimized by the Treaty of Peace) has been employed to obtain and insure the perpetuation of a complete subjugation of that country.

Soviet authorities have continuously intervened, directly and indirectly, in the political affairs of Rumania to deliver firmly into the hands of the Rumanian Communist minority the absolute powers of a totalitarian regime. The puppet government of Premier Groza was originally installed on the instance of Andrei Vishinsky and consolidated its position only by virtue of Soviet support.<sup>6</sup> The Rumanian Communists, utilizing other minority political elements of an opportunistic character and every device of the police state, have thus been enabled to thwart the will of the Rumanian people, to subvert the processes of representative government, to eliminate every vestige of political opposition and to flout the fundamental freedoms.

With a view to maintaining its usurpation against the possibility of effective challenge which might be stimulated by free associations with the west, the Rumanian Communist regime has studiously undertaken to exclude western—especially Anglo-American—influence from Rumania. Through a controlled press and radio it has poured forth a swelling flood of vilification against the so-called arch representatives of imperialistic capitalism, their leaders, culture, motives and actions. It has obstructed in every way the natural course of political and cultural associations with western democracies and particularly with the US. For example, official representatives of the US and other American citizens in Rumania are constantly harassed by impediments and indignities; Rumanian nationals are prevented by intimidation

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<sup>4</sup>The armistice with Romania was signed at Moscow on September 13, 1944 (as of September 12). Documentation on the negotiations leading to the armistice is presented in *Foreign Relations*, 1944, vol. iv, pp. 133 ff.

<sup>5</sup>The reference here is presumably to the Declaration on Liberated Europe, included as Item V of the Report of the Crimean Conference, February 11, 1945, *Foreign Relations*, The Conferences at Malta and Yalta, 1945, p. 971.

<sup>6</sup>For documentation on installation of Petru Groza as Romanian Prime Minister in March 1945, see *Foreign Relations*, 1945, vol. v, pp. 492 ff.



from association with Americans; American citizens desiring to visit Rumania are denied visas, Rumanian citizens wishing to visit the US are refused exit permission, accredited American correspondents are excluded from Rumania. Indeed, as a rule, American interests are accorded consideration only when reciprocal treatment is applied, which, unfortunately, in many instances the US is not in position to utilize. At the same time, mutual aid treaties and other agreements as well as the participation of its officials in the Cominform, bind Rumania artificially to the USSR and its eastern European satellites. This reorientation, which lacks little but the formal incorporation of Rumania into the USSR (which may be ultimately intended), is the most significant consequence of Rumania's subjection to Soviet-Communist rule.

In coping with these basic difficulties, the US is taking appropriate occasion to express with dignified vigor its views concerning the policies and actions of the Rumanian Communist regime and of the Soviet authorities as regards Rumania, pointing out their violations of international agreements, deploring their infringement of Rumanian independence, condemning their abridgement of human rights and liberties, countering their falsification of US conduct and motives and deploring their calculated destruction of friendly relations between the peoples of the western democracies.

In particular, the US has made a series of publicized representations to the Rumanian Government with respect to its contraventions of international commitments undertaken by it in conformity with the decisions of the 1945 Conference of Foreign Ministers at Moscow.<sup>7</sup> Following the judicial travesty of the trial and sentence of leaders of the National Peasant Party of Rumania—including Iuliu Maniu, one of the outstanding champions of democratic ideals in eastern Europe—the US, in a note which was made public, rehearsed the whole course of the Rumanian Government's program to eradicate democratic opposition in that country and stated its opinion that the actions of the Rumanian Government do not conform to its obligations under the Treaty of Peace.<sup>8</sup> These views, supported by British representations, were likewise communicated to the Soviet authorities, who refused to entertain the charge of treaty violation against the Rumanian Government.

While it is recognized that such representations or official statements will not, in the circumstances, achieve substantial improvement

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<sup>7</sup> The reference here is presumably to Part V of the Communiqué of the Moscow Conference of Foreign Ministers, December 27, 1945, *Foreign Relations*, 1945, vol. II, p. 821.

<sup>8</sup> For documentation regarding the attitude of the United States with respect to the trial and conviction of Iuliu Maniu in October–November 1947 to life imprisonment on charges of anti-state activity, see *ibid.*, 1947, vol. IV, pp. 493 ff.



of conditions in Rumania, expressions of this nature serve to inform and stimulate world opinion regarding Soviet-Communist aggressions and to remind the Rumanian people of US interest in their welfare. By recording the US position, they also serve the important function of laying a basis for further action which the US and other cooperative states may wish subsequently to take.

Although we would welcome the admission of Rumania, represented by an independently responsible government, into membership of the UN, the US continues to oppose the extension of such membership to Rumania in the absence of a government able and willing to abide by the obligations which it would assume under the UN Charter.<sup>9</sup>

The principal considerations prompting the maintenance of US diplomatic relations with Rumania despite the hostile attitude and behavior of its government are: (1) to afford fullest possible protection of American interests in Rumania; (2) US responsibilities connected with the execution of the Rumanian Peace Treaty and the desirability of access to all available means to obtain implementation of its terms; (3) the advantages of keeping currently informed, by official reporting, on conditions and developments in Rumania and the value of such information as is obtained through our Mission at Bucharest; (4) the avoidance of formalizing the arbitrary separation of east and west; (5) to preserve so far as possible contacts with the Rumanian people and to manifest a continuing interest in their welfare. The actual and potential value for these purposes of our diplomatic representation in Rumania is presently regarded as warranting its continuation. However, considering the diminishing effectiveness of such representation in consequence of the increasing hostility and obstruction displayed by the present Rumanian authorities and the gradual drying-up of intelligence sources, the advisability of maintaining diplomatic relations must periodically be reexamined in the light of the prevailing situation.

US and UK efforts having failed to induce the USSR to honor its international commitments as regards Rumania, similar efforts in existing circumstances to obtain compliance by the Rumanian Government with its obligations under the Treaty of Peace hold slight prospect of success. Lacking the cooperation of the USSR, as one of the three powers charged with a primary responsibility for the interpretation and execution of the Peace Treaty, and in the absence of effective provisions for its implementation, our efforts toward this end have made little progress. Nevertheless, our policy is to utilize, in concert with the UK, the limited possibilities open to us. Although it may not deter appreciably the attainment of Communist objectives in Ru-

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<sup>9</sup> For documentation on the attitude of the United States toward the application for membership in the United Nations by Rumania and other Communist-dominated Balkan states, see vol. II, pp. 291 ff.

mania, a useful purpose will have been served if Rumania's refusal to comply with its treaty obligations as well as Soviet obstructionism and disregard of its treaty responsibilities are clearly established.

The importance of the Voice of America broadcasting program to Rumania has steadily increased in direct ratio to the restraints exercised by the Rumanian Communist regime upon the dissemination of information and the exchange of ideas within Rumania, as cultural and intellectual contacts between Rumania and the west are restricted and as impediments circumscribe other phases of the US information services in Rumania. At present our broadcasts are the most effective instrument at hand for informing and influencing the Rumanian people, thereby sustaining their faith in the traditional values of western civilization and their democratic aspirations.

While it cannot be foreseen what role, if any, the Rumanian exiles in the US and elsewhere may play in a future establishment of a democratic Rumania, we welcome cooperative efforts by them, based on a common devotion to the principles of democracy and freedom, for the preservation and welfare of Rumanian refugees, for the encouragement of the Rumanian people to passive resistance against the Communization of their country and for purposes of unofficial intelligence. On the other hand, we do not, at this time, regard with favor activities or organizations of such Rumanian political emigrés having in view the formation of anything resembling a government-in-exile.

## 2. *Economic*

Economic problems involved in current US relations with Rumania are essentially but another aspect of the more general basic problems. Not only have totalitarian economic measures been progressively imposed upon the human and material resources of Rumania since the cessation of hostilities, but the Rumanian economy has been subjected to extensive Soviet exploitation. By now, Rumanian economic policies are determined by the Rumanian Government in almost complete subordination to the interests of the Soviet Union. The condition and prospects of the Rumanian economy under the present Communist regime are those of a vassal state.

Initially, the Soviet occupation and the implementation of the Armistice Agreement under Soviet dictation facilitated this trend. Deliveries on account of reparations to the USSR, removals under arbitrary interpretations of various clauses of the Armistice Agreement and Peace Treaty, together with the shipment of commodities pursuant to commercial agreements with the Soviet Union and its satellites have not only reduced the goods available internally but have consumed a predominant share of Rumania's export availabilities. Thus, in 1947, over 90% of Rumania's exports, including reparations deliveries, and 96% of its petroleum exports were channeled to eastern Europe; over 50% of this trade was directly with the Soviet Union.



Assets claimed as German by the USSR were employed in the formation of joint Soviet-Rumanian companies in the principal areas of the Rumanian economy and, under the terms of bilateral economic agreements, these companies (directly controlled by the USSR) enjoy an exclusively privileged status. Through the implementation of the agrarian reform of 1945, the discriminatory application of the 1947 program of currency reform and the 1948 nationalization of industry (embracing all important petroleum, banking, insurance, mining, and transportation enterprises, but not the joint Soviet-Rumanian companies), a preclusive Soviet mastery of the Rumanian economy has been virtually completed.

Correlative to these developments, the economic policies and practices of the Rumanian Government have increasingly conformed to a pattern of discrimination against the interest of the US and other western countries. This discrimination is evident in the favorable price terms and prior implementation of Rumanian commercial agreements made for the states of the Soviet orbit and particularly the USSR. It appears also in the unique advantages granted to the Soviet-Rumanian joint companies in such matters as taxation, transfer of profits, guarantees against loss and extra-territorial privileges, which clearly discriminate against other foreign interests in Rumania.

American commercial and property interests in Rumania have also suffered from the increasing controls imposed by the Rumanian Government upon all phases of industrial and business management and operation. The actions of the Rumanian Government leaves no doubt of its intention to drive out of the Rumanian economy any western interests if not private interests of any sort. Thus, many American owners have been deprived of their properties and interests, without compensation, by expropriation pursuant to land reform and nationalization measures or through transfer of properties to the USSR as alleged German assets. The principal American interests in Rumania which have suffered from the application of these measures are those of the Standard Oil companies.

In case of loss or damage to American property interests in Rumania traceable to wartime events and measures, the US is seeking a settlement of claims through the instrumentalities provided by the Rumanian Peace Treaty. Whenever feasible, as in certain cases of discrimination against American interests in Rumania or illegal transfers of American-owned properties, the US has already invoked the terms of the Peace Treaty and will attempt to employ its remedies for the defense or satisfaction of the American interests involved.

As regards Rumanian interference with the rights of American owners and the financial losses sustained by them as a result of the imposition by the Rumanian authorities of controls over management since the coming into force of the Peace Treaty, the US Government



has not considered that the terms of that Treaty apply except as such measures may be discriminatory and thus in violation of Treaty obligations. By May 1948, the situation of American investments in Rumania had so deteriorated that the US was prepared to declare the Rumanian Government to have placed itself, by its excessive interference with the rights of management, in a position of "interventorship" and, accordingly, to hold it responsible for all loss or injury to American property rights occurring during the period of its control. The sweeping measures authorized by the Rumanian nationalization law enacted in June 1948 have altered this problem for American interests to one of expropriation without provision for prompt, adequate and effective compensation, which compensation the US will continue to demand on behalf of its nationals. Because this law is discriminatory in exempting Soviet interests from its application, fails to make adequate provision for valuation, and provides for compensation only in bonds to be redeemed out of future net profits of individual nationalized enterprises, the US has protested its application to American-owned properties.

Apart from (1) Rumanian diplomatic property in the US which, pursuant to the terms of the Peace Treaty, was to be returned to Rumania, (2) some exceptional cases in which justifiably overriding considerations have called for unblocking and (3) amounts paid as living allowances to individual Rumanians out of their private accounts, we are continuing to hold Rumanian assets in the US which have been blocked or vested since 1940. The Executive branch has the necessary legal authority (reinforced by the terms of the Peace Treaty) to take title in the name of the US to Rumanian assets, both governmental and private, which remain blocked. The US is authorized by the Peace Treaty to seize, retain, liquidate and use the proceeds of Rumanian assets in the US within the limits of American claims not otherwise fully satisfied under the Treaty. Considering its obstructive attitude, the Rumanian Government probably will not satisfy any appreciable part of the justifiable claims of American nationals under the Treaty nor of the claims arising as a result of losses sustained by American interests in Rumania in the period subsequent to the coming into force of the Treaty.

If the Rumanian Government persists in dilatory treatment of American claims, virtually no other possibility exists than to use the limited leverage of these assets to secure a partial satisfaction of American claims. This suggests negotiations for a lump-sum settlement, involving these assets on the one hand and American claims of all categories on the other, as the best means of obtaining any compensation whatsoever. The amount thus obtained would be administered by an American Claims Commission. It does not appear likely, however, that the Rumanian Government will entertain nego-

tiations for such a lump-sum settlement. In that event, it would be necessary to consider the possibilities of applying the blocked and vested Rumanian assets directly to the satisfaction of American claims. Even partial satisfaction of justifiable American claims would undoubtedly exceed the sum of the available Rumanian assets. Compensation would, of course, fall even further short of full satisfaction if private holdings among these assets should be excluded from such use.

No US Government credits have been extended to Rumania since the conclusion of hostilities and, in view of Rumania's subjection to the USSR together with the unfriendly behavior of its government, our policy is to continue withholding from it official financial assistance. We have not thus far positively objected to private loans to Rumania by American financiers (of which the Chase National Bank is the principal lender) but, except where humanitarian considerations arising from a severe famine were involved, it has been and remains our policy to discourage such loans by pointing out the captive character of the Rumanian economy and the possible prejudice to over-all American interests involved in such transactions even when they appear advantageous from the viewpoint of the lenders.

Restitution to Rumania, in fulfillment of the Peace Treaty, of Rumanian property in the US zone of Germany proceeded regularly for a time and, in fact, has never been entirely suspended. However, there has been no Rumanian mission in Germany, for the purposes of identifying and expediting such restitution, since mid-1947. Present US policy is that restitution to Rumania is to be carried out on a restricted basis, with a view to withholding those types of goods for which the US itself will not grant export licenses to countries under Soviet domination, and withholding goods which may involve beneficial American ownership. Restitution will, likewise, not be made to Rumania of property which is claimed by refugee nationals or non-nationals of that country.

US commercial policy toward Rumania is governed by our over-all foreign trade policies in so far as their application does not conflict with special security considerations vis-à-vis the countries of eastern Europe and US objectives for the economic rehabilitation of western Europe.<sup>10</sup> Under existing regulations, US exports to Rumania are subject to license control (1) to insure optimum utilization of US export availabilities, and especially goods in short supply, for countries participating in the ERP and (2) to prevent such exports to eastern European countries as would substantially contribute, either directly or through their industrial potential, to the military potential of the USSR.

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<sup>10</sup> For additional documentation regarding United States policy on trade with the Soviet Union and Eastern Europe, see pp. 61 ff.



In the application of these controls, the US at present intends to prohibit American exports destined for Rumania of equipment and supplies having strategic significance. Negotiations are under way, also, to obtain the agreement of OEEC countries to withhold from export to Rumania certain goods which would contribute materially to the Rumanian and Soviet war potential.

Although such application of export controls is technically at variance with the most-favored-nation principle embodied in the 1930 commercial agreement between the US and Rumania (which was reinstated in 1947), these restrictions are required by the US, not only in the interests of its security so long as Rumania's economy is dominated and its policies determined by the USSR, but also to favor European economic recovery under the ERP. Rumania was cut off from priority considerations, accorded ERP participants, by its subservience to Soviet control which prompted its refusal of an invitation to join with other European countries in formulating and implementing such a recovery program.

Despite Rumania's position as a Soviet economic satellite and a non-participant in the ERP, it is US policy—subject to the limitations just stated—to favor such expansion of commercial relations between Rumania and the west as will, in conformity with the Economic Cooperation Act, (1) benefit OEEC countries in the interests of an accelerated economic recovery, (2) allow them to obtain more of their essential imports from European sources, thus reducing US dollar payments by the participants and (3) promote a better balanced European economy. Moreover, although trade between the US and Rumania has never been of major importance to the US, we view favorably the development of trade with Rumania in line with US policy to encourage eventual participation in a system of multilateral and non-discriminatory world trade as foreshadowed by the draft Charter of the ITO. At present, however, Rumania's foreign trade is conducted, under rigid governmental control, almost entirely within the framework of bilateral quota and clearing agreements; and for various reasons, including the inconvertibility of European currencies, there is no prospect of its abandoning its policy of bilateral trade.

Early in 1947 the US entered into negotiations with the Rumanian Government with a view to obtaining interim operation rights in and through Rumania for the certified US civil air carrier (Pan-American Airlines) pending the conclusion of a bilateral air transport agreement with Rumania to be negotiated as soon as possible. These negotiations, toward which the Rumanian authorities exhibited an initial enthusiasm, ultimately failed as a result, undoubtedly, of Soviet influence. Such Soviet pressure conforms to the evident policy of the USSR to exclude US aircraft from eastern Europe while seeking, at the same time, rights for itself and its satellites to operate planes over other



countries. In dealing with this situation, the US is seeking, in cooperation with other countries, to restrict the civil air operations of the USSR and its satellites, including Rumania, to their own territory until transit and landing rights for commercial carriers are granted to the US and other western countries in the USSR and Soviet-controlled areas.<sup>11</sup>

### C. RELATIONS WITH OTHER STATES

Considering its long-standing fear of Russia and its traditional cultural associations with the West, Rumania would undoubtedly have readopted a western—though not necessarily anti-Soviet—orientation if the inclinations of its people in this regard had been allowed to prevail. However, Rumania's relations with other states are along lines of collaboration determined by the USSR and its international organ, the Cominform. This collaboration has been directed consistently toward accelerating the communization of countries in the Soviet orbit and toward establishing (by means of a network of "mutual aid" treaties, discriminatory economic agreements and cultural relations pacts) a Communist bloc of eastern Europe, through which the USSR may intensify its cold war against western European countries and, in particular, against the US. In the circumstances, it may be assumed that so long as the USSR remains in position to exert effective pressure upon Rumania, it will continue to control the foreign relations of that country.

The USSR is presently exercising the right granted to it by the Treaty of Peace with Rumania to keep on Rumanian territory armed forces "for the maintenance of the lines of communication" of the Soviet army with the Soviet zone of occupation in Austria. The elimination of this ground for the continued presence of Soviet troops in Rumania is dependent upon the conclusion of an Austrian settlement which would terminate Soviet occupation of Austria.

As a result of territorial settlements, confirmed by the satellite Peace Treaties, which involve the cession by Rumania of Southern Dobrudja and the recovery by Rumania of the whole of Transylvania, long-standing sources of friction troubling Rumanian-Bulgarian and Rumanian-Hungarian relations have been disposed of for the time being. Since these settlements were in accord with Soviet policy, revisionist agitation is not likely to arise, as it might with reference at least to Transylvania, if the Soviet-Communist grip upon Hungary and Rumania were relaxed. Meanwhile, relations with the new "democratic" governments of Hungary and Bulgaria as with those of Poland and Czechoslovakia are ostentatiously cordial.

Similarly cordial relations existed between Rumania and Yugo-

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<sup>11</sup> For additional documentation regarding United States civil aviation policy toward the Soviet Union and Eastern Europe, see pp. 184 ff.

slavia prior to the Cominform rift with Marshal Tito in which Rumania's Foreign Minister played a leading role. Presently the two countries are engaging in bitter recriminations and Rumania is applying economic sanctions to Yugoslavia. It is our policy carefully to exploit this rift where possible to US advantage.

No diplomatic relations between Rumania and Greece have existed since the cessation of hostilities. The Rumanian authorities have given increasing aid and comfort to the Markos junta.<sup>12</sup> Rumanian troops have reportedly been allowed to volunteer for military assistance to the Markos forces. Ranking government officials direct the organization for relief to the Greek guerrillas and deductions are made for this purpose from the salaries of government and industrial workers. Several thousand children evacuated from northern Greece have been brought to Rumania for "care and nurture." Meanwhile, the animosity of the Rumanian Government toward the Greek Government is constantly displayed in propaganda and in prejudicial treatment of the Greek minority in Rumania.

Only relatively less acute, tension between Rumania and Turkey is accentuated by a mutual barrage of adverse propaganda punctuated by occasional demands for recall of diplomatic personnel.

The Rumanian authorities have directed special hostility toward the Vatican and Catholic activities in Rumania, as an arm of "western imperialism." The Rumanian Government has denounced its concordat with the Vatican, forced the Uniate churches into affiliation with the Rumanian Orthodox Church (which has been reorganized under Communist sycophants as a satellite of the Soviet-controlled Russian Orthodox Church), compelled the Catholic hierarchy in Rumania to declare its loyalty to the Communist regime, and may be expected at any time to sever diplomatic relations with the Vatican.

The UK, like the US, is a principal object of venomous attacks by Rumanian Government officials and the government-controlled press. The present pattern which is being developed through a series of trials of Rumanian political prisoners is designed to demonstrate alleged UK and US sponsorship of espionage activities with a view to the violent overthrow of the present Rumanian Government.

#### D. POLICY EVALUATION

Because the expansion of Soviet power over a considerable area of Europe places our policy as regards Rumania in a derivative relationship to our policies vis-à-vis the USSR and Europe in general, the success of our Rumanian policy is essentially dependent upon the

<sup>12</sup> The reference here is to Markos Vafiades, Prime Minister and Minister of War of the so-called Provisional Greek Democratic Government, December 1947-January 1949. Documentation on the conclusion of the Greek civil war is scheduled for publication in volume VI.



effective implementation of our major over-all policies in this regard. Although the Rumanian situation cannot be dealt with independently, at least so far as ultimate objectives are concerned, there may well be local elements (such as the anti-Soviet feeling of the bulk of the Rumanian people) which will afford possibilities for retarding the communization of Rumania and for eventually undermining the Soviet subjugation of that country.

Virtually all of the policy problems for the US with respect to Rumania are unresolved. This situation is occasioned by fundamental differences between representative government in the western political tradition and totalitarian government of the Russo-Communist type as to principles and methods which govern their respective purposes and actions. On the part of the Rumanian Communist regime there is no adherence to any recognized standard of moral values, no good faith and little if any disposition to abide by international commitments except as it may serve a unilateral advantage to do so.

Several problems of prime concern to the further development of US policy toward Rumania may be anticipated :

(1) US policy must reckon with the possibility of incorporation of Rumania and other Soviet satellite states into the USSR, as well as the alternative possibility of an eastern European union under conditions calculated to make it an effective instrument of Soviet purposes. On the one hand, there have been indications within the past year, although slight so far as Rumania was concerned, of a trend in the direction of an eventual federation of the states of eastern Europe. Judging by the rebuke administered in this connection to Marshal Tito and Premier Dimitrov, and by the factors evidently at the root of the Cominform rift with Tito, as well as other apparent considerations of Soviet policy, it is unlikely in present circumstances that the USSR would permit the formation of a federation or union of its satellites with a center of gravity other than Moscow. From the US point of view, a Danubian or eastern European federation or union which would for the long run serve constructive purposes and mitigate nationalist rivalries must spring from below in conformity to the will of the peasant populations rather than be imposed from above and outside by a Russo-Communist minority.

On the other hand, there have been signs of a development suggesting the direct amalgamation of Rumania with the USSR as perhaps the first in a chain of such assimilations. On balance, however, there does not seem to be a strategic advantage to the USSR in the absorption of Rumania at present.

(2) The "new order" which has been imposed upon Rumania has resulted in upheavals which leave the social structure without organic equilibrium. The Communist regime has abolished the monarchy and disposed of the landed aristocracy which, with the crown, historically constituted the ruling element; it has reduced the middle class, never very strong, to impotence; and it has purged the peasantry of all leadership which exhibited any inclination to independence. The pervasive fear which is assiduously instilled into the Rumanian people, in so far as it is not dispelled by external democratic influences, stimu-



lates in the population a tendency to extremism of the right or left. It may well lead to the danger of a violent and repressive rightist counter-revolution along ultra-nationalist lines of the former Iron Guard movement at such time as the Russo-Communist grip may be slackened. Such a development would not only involve the continued political and economic subjugation of the peasant masses, in whose character lies the real hope of an ultimate Rumanian democracy, but would thereby greatly complicate the problem of peaceful, democratic developments in the entire Danubian area.

(3) A related problem is the intensified, if not overt, anti-Semitic feeling which has deep roots in Rumanian society and reached a peak in the era of the Iron Guard and of the pro-Nazi dictatorship of Marshal Antonescu<sup>13</sup> which immediately preceded the present Communist regime. Not only is the current upsurge of indigenous anti-Semitism fostered by the remaining influence of Nazi racism, but it may also be attributed to the extent to which Rumanian Jews have aligned themselves with the Communists and assumed positions of authority. They are prominently represented in the Rumanian Communist party leadership, in the national and local officialdom and in the personnel of the political police—a fact which singles them out as objects of hatred by those who bitterly oppose the present regime as well as by many former legionnaires who have been absorbed into it. Considering that the largest surviving community of Jews in Europe outside of the USSR is in Rumania, this problem holds tragic potentialities for Rumania and for the cause of democracy if, at such time as Rumania may be rid of the Soviet yoke, the Jewish community were to be forced again into the bloody role of scapegoat.

(4) Finally, there is the critical problem of qualified leadership in a future liberated Rumania. The longer the Russo-Communist subjugation of Rumania endures, the greater will this problem become. Since the late 1930's Rumania, under pro-Nazi and pro-Soviet regimes, has undergone a progression of purges of mounting severity. This process, especially in its current drastic phase, has taken a heavy toll of past and potential democratic leadership. In these circumstances, US policy may be increasingly hard put to find means of assisting the preservation and development of such human resources against the day of Rumania's liberation. It is highly possible that by that time, the Communists will have taken care to physically "liquidate" most, if not all, potential leaders who might effectively moderate the course of subsequent developments and thus help to shape the reconstruction of Rumanian society along genuinely democratic lines.

King Michael has repudiated his forced abdication<sup>14</sup> and has given indications of an aspiration to return to the throne of Rumania. Although at the time of his departure Michael had gained great popularity as a symbol of national hopes, and although at the moment he might provide a focus of political unity, the longer a restoration of Rumania's independence is delayed the greater will become the pos-

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<sup>13</sup> Marshal Ion Antonescu, Romanian Prime Minister (subsequently Conducator) from September 1940 until his overthrow in August 1944. He was executed in June 1946 for war crimes.

<sup>14</sup> King Mihai (Michael) abdicated on December 30, 1947 and left Romania on January 3, 1948.

sibility for various reasons that the people may not choose to reestablish the Hohenzollern-Sigmaringen monarchy.

There is no doubt that Iuliu Maniu, head of the former National Peasant Party, represented the best in democratic tendencies in Rumania and has been the most popular political idol in the country. Because of his advanced age, infirmities and what he represents to the Communist regime, there is little likelihood of his survival and great question as to the nature of a succeeding organization of any surviving followers. The former National Liberal and Social Democratic parties had already lost virility before their suppression by the Communists. At any rate, behind the prestige of Maniu and a facade of democratic ideals, the traditional parties of Rumania exhibit in practice a lack of comprehension of democracy in a western sense. Their leadership is largely associated with a small privileged segment of Rumanian society and a corrupt bureaucracy whose interests are divorced from those of the bulk of the peasant masses. These elements have kept the peasantry in their debt and the civil servants and professional men under obligation.

The political figures among the refugees who have managed to escape Rumania represent almost exclusively this old regime, which may not be welcome to the people of a future liberated Rumania; they offer poor prospects of popular, effective leadership for the future of a sort which would justify US encouragement in the face of leftist propaganda appeals in eastern Europe.

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*The Chargé in Romania (Pigott) to the Secretary of State*

SECRET

BUCHAREST, March 26, 1949.

MY DEAR MR. SECRETARY: I desire to acknowledge your letter of February 16, 1949 enclosing a copy of the January 1949 Policy Statement on Rumania<sup>1</sup> and requesting comment and recommendations on the contents of the Statement.

The Statement leaves little to be desired in the scope of the subject matter covered or in the comprehensive treatment given the various facets of our relations with and interest in Rumania. If there is any cause to take exception to the Statement it might be in the interpretation of the character of the Rumanian society and institutions and the occasional seeming failure to evaluate the practical possibilities of accomplishment or application of our stated objectives.

I must confess in reading portions of the Statement to a certain feeling of unreality in the objectives expressed and of a sense of lofty

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<sup>1</sup> The transmittal letter under reference here is not printed. The Policy Statement on Rumania is printed on p. 521.



idealism unrelated to the practical prospects of attainment. While, for example, it may be our sincere desire to provide for the people of Rumania conditions conducive to the establishment of a true democracy with all its attendant advantages, it must be remembered that democracy in the accepted Western sense has never existed in Rumania nor are the people presently capable of accepting in a full sense its advantages and obligations. It seems to me therefore that our objectives should reflect these limitations and that we should concern ourselves with the more practical objective of providing a regime in Rumania, however faulty in its attainments of practical democracy, which will at least provide the basic human rights and freedoms and permit the people of Rumania to live in peace.

Where we may desire to promote such desirable objectives as the encouragement of passive resistance among the Rumanian people or the opposition to further Communist encroachment, we should qualify such aims to the extent of our capacity to bring them to successful fruition. Otherwise the statements take on the character of pious hopes and dilute the force of other elements of policy.

The Statement refers at various points to a reliance upon the peasant as the broad base upon which a truly democratic government in Rumania may be founded. I fear this overrates the peasants' concept of or interest in democratic government. The best that might be hoped for is that the peasantry could be brought to form the mass support of leaders with democratic intentions.

There appears a tendency in the mental approach to the discussion of certain problems to consider Rumania as a component of a group of more or less identical satellites and to analyze these problems from a "satellite" viewpoint. It should be borne in mind in any grouping of treatment that the peculiar geographic position of Rumania, isolated as it is from the West, makes it possible for the present government to resist Western pressure much more effectually than certain other satellites and, without fear of effective reprisal, to conduct its affairs with almost complete disregard of Western interests.

In the matter of presentation I find the Statement somewhat diffuse and, in places, repetitious. Similarities of thought and interest occur between statements under the headings of Objectives, Policy Issues and Policy Evaluation which, though perhaps unavoidable in some instances, could better serve clarity and comprehension if consolidated. The value of the Statement could be distinctly enhanced by a more succinct expression of our policy and problems, and by a better grouping of related ideas.

There arises the question of the audience for which this document is designed. If it is designed for those reasonably familiar with the Rumanian scene much of the present explanatory matter could be left out and the Statement drawn down to perhaps three or four pages.



If, on the other hand, it is designed to familiarize persons with Rumanian problems then, in parts at least and particularly in the Political Section, it might be desirable to reinstate in the discussion of the various objectives and issues terse statements of the backgrounds and reasons for these conclusions.

Specific comments on the various sections of the Policy Statement are treated in the enclosure.

Respectfully yours,

C. MONTAGU PIGOTT

[Enclosure]

*Memorandum Prepared by the Legation in Romania*<sup>2</sup>

[Extracts]

SECRET

[BUCHAREST, undated.]

#### COMMENTS ON POLICY STATEMENT ON RUMANIA

##### A. Objectives

1. Long Range Objectives. The Department's listing of the long range objectives of American policy appears all inclusive and too generalized and visionary to be presently practicable. It might be well to keep in mind that never in Rumanian history have such goals been obtained and they represent a system which by Rumanian standards would be little short of Utopian. Our prime long range objective would appear to be to restore the Government to the people and worry about its form and policies later.

##### 2. Short Term Objectives.

(1) "Protection so far as possible in the circumstances of American interests in Rumania and the defense of United States prestige against a systematic attempt on the part of the present Rumanian authorities to undermine it".

No one can argue with this aim and it has been the consistent policy of the Legation to endeavor to carry out the principles expressed. However, the Legation has little, if any, confidence in its ability to "protect American interests" vis-à-vis the present Rumanian Government and it must be thoroughly understood that our chances of according effective protection are practically nil. The installation of an illegal Communist regime in Rumania has taken the matter out of our hands and our efforts, at best, are merely for the record.

(2) "An effort within the limits of practicability to obtain implementation of the Treaty of Peace".

<sup>2</sup>The memorandum was prepared by C. Montagu Pigott, Chargé in Romania, and by C. Vaughan Ferguson and Robert C. Creel, Second Secretaries of the Legation.

Since the drafting of the policy statement there have been further developments in this field and the Legation's position was stated in its telegrams Nos. 136 of February 20, 159 of March 2 and 168 of March 5, 1949.<sup>3</sup> Briefly, we feel despite meager prospects of obtaining either Soviet or Rumanian cooperation in the matter, we should press for treaty observance of the political, military, and economic clauses and failing to obtain satisfaction here, should refer all phases of the question to a world organization. We can hardly justify branding Rumania as a treaty violator if we have not made every conceivable attempt with the machinery supposedly available to us to force compliance.<sup>4</sup>

(3) "Removal of the justification for retaining Soviet forces in Rumania by the earliest possible conclusion of an Austrian settlement".

While the conclusion of an Austrian settlement<sup>5</sup> entailing an obligation on the part of the Soviet Union to remove the troops it now has in Rumania purportedly to maintain "its lines of communication" might be salutary here, the Legation has little reason to suppose the Soviets would in fact remove all of their military personnel. The secret military protocol to the Rumanian-Soviet Mutual Assistance Treaty, envisages the presence of Soviet Military personnel and it seems almost certain that the Rumanian Government would request the Soviets to maintain forces here if they felt it desirable from the point of view of internal security. The Legation is inclined to believe that the present regime would, in fact, make such a request. Once the Rumanian army is sufficiently infiltrated with Soviet agents and commanded by only trusted internationally minded Communists, the uniformed Soviet troops might be permitted to depart.

(4) "Support the morale of the preponderant majority of the Rumanian people by keeping alive their faith in the values of western civilization, et cetera".

The Legation agrees with the aims expressed here but feels that in the long run with no material improvement in the present situation here, our efforts may become increasingly less valuable as opposition gives way to resignation and resignation eventually to acceptance. Our aim at the moment should be to express constantly to the Rumanians our interest in their welfare over the Voice of America and continue our efforts to show them they have not been forgotten. It must be made clear, however, that the Rumanians must work for their own

<sup>3</sup> Neither printed.

<sup>4</sup> For documentation on the efforts of the United States to assure fulfillment of the human rights articles of the Treaties of Peace with Bulgaria, Hungary, and Romania, see pp. 223 ff.

<sup>5</sup> For documentation on the continuing negotiations for an Austrian peace settlement, see vol. III, pp. 1066 ff.



deliverance and that liberation will not be handed them on a silver platter without effort on their part.

(5) "Encouragement of passive (but not abortively overt) resistance by the Rumanian people to the totalitarian system and to the Communist ideology which is being imposed upon them".

Without being exactly sure what the Department has in mind on this point, the Legation is inclined to believe we should proceed cautiously in the encouragement of any resistance, passive or otherwise. It is important we start nothing we are unwilling to back up and carry all the way through. In a police state such as Rumania has become with both the state apparatus and the many organizations of the Rumanian Workers (Communist) Party controlling each and every activity of the entire population, it is not very easy for the people to offer even passive resistance and what resistance is left will not, as mentioned above, last forever. If, as mentioned in point (4) above, we continue to point out to the Rumanians the advantages of democracy over dictatorship and to show them the criminal nature of the present regime here, we would seem to have gone about as far as is presently possible in encouraging passive resistance. Any embroilment in Rumanian politics at the present time on the part of the United States Government would only make matters worse unless we are prepared to offer material assistance to the resistance.

(6) "Development of such trade between Rumania and the West as can be adequately controlled to serve the interests of European recovery et cetera."

The Legation concurs in this principle but feels an increase in Rumania's trade with the West will have no effect on the "stranglehold upon Rumania of the USSR". Rumania is at the moment ruled by Communists who are fully trusted agents of the Kremlin and whose policy is the development of international Communism, not the recovery of Rumanian prosperity. They are interested in Rumania's economy only insofar as it promotes their political ends and the prosperity of the Soviet Union and economic considerations are most unlikely to make them relax their grasp. The present rulers of Rumania will trade only when it suits them and not in the commonly accepted sense of international trade.

### B. *Policy Issues*

The six broad policy objectives appear to cover the situation although they appear to be little more than pious hopes, vaguely expressed.

#### 1. Political.

The Department's short summary of the political situation here accurately reflects the shape of things in Rumania although for per-



sons not fully acquainted with the situation it appears to lack details of the manner in which Soviet control was established.

In discussing the attitude of the Rumanian Government toward United States officials in Rumania, it might be well to point out that the Rumanian Government obviously desires to hamper the Legation with its endless restrictions and to keep its personnel small by withholding visas and declaring persons *personae non gratae* on the flimsiest of pretexts. The Rumanian Government apparently is not at this time prepared to take the initiative in breaking off relations with the United States but it is determined to make sure that such representation as it permits the United States to have in Rumania is rendered ineffective.

In the paragraphs dealing with the actions taken by the United States to cope with the situation, the Legation agrees that the United States should from time to time let the Rumanian Government know exactly where we stand and what we think of its conduct. While the constant sending of diplomatic notes which bring no visible results may tend temporarily to lower our prestige vis-à-vis the Rumanian people, the Legation feels it is important not to let the Rumanian Government violate any of its international commitments without protest, act towards United States officials in any manner but that normally prescribed in relations between states, and to make it entirely clear that we intend to implement our protests through any machinery that may conceivably be available. In dealing with an organization such as the Rumanian Government, the Legation believes that "dignified vigor" is usually appropriate but that, if necessary, dignity might on occasion be dropped in favor of a more forthright if less palatable manner of driving our points home.

Without wishing to make any recommendation that the United States break off relations with the present Rumanian Government, the Legation feels certain of the considerations listed by the Department as prompting the maintenance of relations are a bit ephemeral: The following are the Legation's comments on the individual points raised:

(1) Protection of American interests: Even with a diplomatic representation in Bucharest, the Rumanian Government has to date been successful in totally destroying American economic interests in Rumania. While settlement of the matter may drag on for many years, the presence of a diplomatic mission in Bucharest is not an essential in continuing our efforts for compensation. Our protection is at best a paper protection and our efforts consist of protests for the record rather than effective action capable of obtaining immediate redress.

(2) Implementation of the Peace Treaty. The Legation agrees that no thought should be given to any rupture in relations until all possible steps have been taken in Rumania to compel compliance or at least to document our position. Once the matter has been removed from the Bucharest scene and thrown into the machinery of the United Nations, this consideration would no longer apply.

(3) **Information.** The intelligence activities of the Legation and of other United States Government agencies represented in Bucharest have declined markedly in the past year and this trend has been accelerated since the passage by the Rumanian Government in January, 1949 of a law providing capital punishment for persons conveying state secrets to foreign powers. . . .

(4) The avoidance of formalizing an open separation between East and West. The Legation agrees that the United States should not be the one to instigate a break and realizes the unfortunate repercussions this might have in the overall world picture and the possibility that a break in relations with one Iron Curtain country might start a chain reaction leading to a break with all.

(5) Contacts with the Rumanian people. There appear to be two sides to this question, both deserving of consideration: (a) A break in relations would remove the pitifully few remaining contacts we have with the Rumanian people and might make the Rumanians feel we had lost interest in them and had thrown in the towel. Our continued presence in Rumania would show we were continuing our attempt to bring about an improvement in the situation and to make the present Rumanian Government live up to its international commitments, and (b) It is possible a rupture in diplomatic relations might show the Rumanian people we were no longer willing to stand for repeated insults, we were withdrawing recognition from a detested tyranny, and we would be permitted to aid the Rumanian people in manners not possible while we still accord recognition to the present Government.

The Legation feels both considerations should be taken into account whenever the Department periodically reviews the problem of continuing diplomatic relations with Rumania. While there might be some temporary loss of prestige with the democratically inclined mass of the Rumanian people, if we break relations, in the long run if, over the Voice of America and by our actions in the United Nations and elsewhere, we show the Rumanians we have not lost interest, we would suffer no permanent damage from the point of view of prestige.

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The above views have been cited not to indicate the Legation believes the time has come for a break in diplomatic relations with Rumania but to point out that in the Legation's opinion, there are few compelling reasons against an eventual break if it should be felt advisable for reasons of high policy to make it. To recapitulate, the Legation believes (1) no consideration should be given to terminating our recognition of the present Rumanian Government until we have exhausted all hopes of compelling Rumanian compliance with the Peace Treaty with the means available to us locally; (2) intelligence available in Rumania is small at the present and is decreasing all the time and (3) that a break would have both favorable and unfavorable repercussions vis-à-vis Rumanian public opinion.

The points discussed in the remainder of the chapter on political matters, the Peace Treaty, the Voice of America, the encouragement of passive resistance, and the gathering of intelligence have been covered in the various points already raised.



[Here follow Section 2, Economic and Part C Relations with Other States.]

#### *D. Policy Evaluation*

The Legation is inclined to the belief that the statement "there may well be local elements (such as the anti-Soviet feeling of the bulk of the Rumanian people) which will afford possibilities for retarding the communization of Rumania and for eventually undermining the Soviet subjugation of that country" minimizes the rapid progress already made towards communization and the fact that a regime imposed by force can only be removed thereby. It does not seem possible, as seen by the case of Russia, to retard the progress of Communism once it has seized power merely by adverse public opinion. The United States may conceivably be able to improve the Rumanian situation by the use of the United Nations and other international agencies but there is little hope of effecting improvement through purely Rumanian agencies.

The Legation's comments on the Department's numbered "problems of prime concern to the further development of United States policy" follow seriatim:

(1) The recent creation of the Council of Mutual Economic Assistance indicates some sort of Eastern Federation will come into existence in fact, if not in name. The Legation does not believe any federation can spring from the peasants of the Balkans who without exception are too restricted in viewpoint, suspicious, nationalistic, and uneducated.

The rumors of impending absorption of Rumania into the Soviet Union have been quiescent for some time and the Legation does not feel it is probable in the immediate future.

(2) The establishment of a violent and repressive rightist counter-revolution would seemingly only be possible if the overthrow of the present regime was caused by purely internal factors. The Legation does not believe it is possible for the present Communist regime to be overthrown by Rumanians alone unless there should be an unforeseen relaxing in the Soviet grip on Rumania and believes external assistance to be essential. In the event of a war such a regime might emerge in the confusion but it could hardly hope long to survive in either a free or a Communist world. Moreover the Legation doubts that the future of Rumania rests with the peasants and feels rather that it depends on leaders who can use the peasants as mass support.

(3) Rumanian anti-Semitism is a real and tangible thing and must be taken into consideration in any long range plans for the future. Should the present regime be miraculously overthrown, it is hard to see how a pogrom could be averted.

(4) The Legation does not take quite such a gloomy view of possible future leadership of a democratic Rumania as does the Department. After years of Hitler, Schumacher <sup>6</sup> and others emerged in post-

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<sup>6</sup> Kurt Schumacher, Chairman of the German Social Democratic Party.



war Germany and de Gasperi<sup>7</sup> and his associates in Italy followed the even longer dictatorship of Mussolini. A skeleton organization of the National Peasant Party is known to exist, and the National Liberal and Independent Socialist Parties have never been formally suppressed although they are lying dormant at the moment. While the regime may eventually "liquidate" vast numbers of political prisoners the fact that only a handful of fiery Communists are loyal to it makes it seem unlikely all possible future leaders could be disposed of in this manner.

The Legation agrees with the Department's remark that although King Mihai was popular in Rumania, there is no assurance that the Rumanian people would necessarily desire the return of the House of Hohenzollern Sigmaringen once the present regime is overthrown. An unconfirmed report has recently reached the Legation that Iuliu Maniu from prison has indicated his opposition to any reinstitution of the monarchy. However, if King Mihai should by his words and deeds while in exile demonstrate to the Rumanian people that he is doing everything in his power to effect their liberation, he might be able to regain his throne if he acted quickly once the liberation came.

The Legation agrees with the Department's opinion of the present political figures among Rumanian refugees abroad and does not feel they offer much hope of future leadership of a democratic Rumania which will have to come from persons now within Rumania.

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<sup>7</sup> Alcide de Gasperi, Italian Prime Minister and leader of the Christian Democratic Party.

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124.71/11-1249 : Telegram

*The Secretary of State to the Legation in Romania*

CONFIDENTIAL

WASHINGTON, November 21, 1949—7 p. m.

397. In conversation Nov 21 with Magheru<sup>1</sup> at Dept's initiative (urtel 765 Nov 12 and previous<sup>2</sup>) Asst Sec Perkins<sup>3</sup> (1) reviewed official visa situation, (2) reaffirmed position that each Govt shld determine personnel needs its Missions and pointed out we do not regulate size of Missions here, (3) emphasized we unwilling engage trading

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<sup>1</sup> Mihail Magheru, the new Romanian Minister in the United States, who presented his credentials to President Truman on September 26, 1949.

<sup>2</sup> The Department of State had for some time been contemplating a conversation with Minister Magheru on the question of visas for official American personnel assigned as replacements to the Legation in Bucharest. The Romanian Government had for many months delayed acting on the requests for the visas for these officials. Department of State officials discussed the visa questions with Romanian Legation representatives on June 23 (telegram 225, June 24, 1949, to Bucharest: 811.111 Diplo. 71/6-1549). Minister Rudolf Schoenfeld had a "lengthy and rugged conversation" on the matter with Romanian Acting Foreign Minister Grigore Preoteasa and Ana Toma, Secretary General of the Romanian Foreign Ministry, on July 20 (telegram 539, July 21, from Bucharest: 871.111/7-2149). Schoenfeld discussed the issue with Romanian Foreign Minister Ana Pauker on August 31 (telegram 643, August 31, from Bucharest: 124.71/8-3149). None of these conversations resulted in any development in the visa question. In the telegram under reference here, Schoenfeld renewed an earlier suggestion that the matter be raised in Washington with Minister-designate Magheru (124.71/11-1249).

<sup>3</sup> George W. Perkins, Assistant Secretary of State for European Affairs.

numbers of visas, (4) stated that, while recognizing right of each Govt object to a particular person, we desire prompt action on pending and future applications of assigned personnel, and (5) stressed that Dept takes serious view this situation created by Rum Govt's failure conform to internatl practice in normal relations between two states.

Magheru said he was acquainted general lines his Govt's position which he stated as follows: A year ago Rums informed you they consider Mission staff unnecessarily large especially as compared staff Rum Leg here. Rums disposed grant visas for replacements chosen by us "within measure." They also do not wish trade visas and stopped issuance because, after granting four last spring, we issued none. They too take serious view situation as affecting Rum Leg here.

Perkins indicated precedence in postponement visa action just the reverse, that some of our applications pending since Oct 1948, that during 1947-48 Rums had delayed action on some cases up to six months or more, that after their authorization several visas early this year we had issued visas to Magherus and their personal servants and that, while we did not consider these by way of a trade, Rums had not subsequently acted on other applications.

Re Rum statement US staff too large, Magheru was told pending applications were for replacements of staff previously withdrawn or scheduled for transfer, but reminded also of our position that number of persons assigned to US Leg Bucharest matter for determination US rather than Rum Govt.

Attaché situation was specially mentioned, alluding to Rum assurances re acceptance of replacements but with no such *agréments* forthcoming and no action on visas for such replacements.

Magheru stated he would report conversation to his Govt and we old expect reply through him or AmLeg Bucharest. He was asked in particular to report Dept's serious view visa situation. Memo conversation pouched.

ACHESON

## UNION OF SOVIET SOCIALIST REPUBLICS

### REPORTS ON DEVELOPMENTS OF SIGNIFICANCE WITHIN THE SOVIET UNION OF CONCERN TO RELATIONS WITH THE UNITED STATES AND OTHER COUNTRIES<sup>1</sup>

861.50/1-1049

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, January 10, 1949.

No. 21

The Chargé d'Affaires ad interim has the honor to acknowledge the receipt of the Department's instruction No. 180 of December 9, 1948<sup>2</sup> in regard to a recent meeting in the Department at which Ruth Fischer, former German Communist, developed her interpretation of the Varga incident with reference to the publication in 1947 of criticism of Varga's book entitled: "Changes in the Economy of Capitalism"<sup>3</sup> (see Embdespatch No. 1713 of October 10, 1947<sup>2</sup>) and to continued attacks in Soviet periodicals during the early part of 1948 on Varga and his supporters (see Emb despatches 309, March 31; 395, April 30; 495, June 21; and Emb A-622, June 26, and A-639, June 30, 1948<sup>4</sup>). The Department's reference instruction evidently crossed the Embassy's telegram No. 2850 of December 8 [6]<sup>5</sup> and its despatch No. 833 of December 9, 1948,<sup>6</sup> reporting and giving the Embassy's interpretation of a recrudescence of severe criticism in public print against the still unrepentant Varga.

As the Embassy commented when this new evidence of the continued existence of a fundamental split between Soviet economists first appeared in *Planned Economy* No. 5, 1948, it believes that the Varga affair, which can no longer be classed as an incident, reveals a fundamental uncertainty in the highest levels of the Soviet regime. Upon this point the Embassy is in full agreement with Miss Fischer's thesis that there is probably a profound difference of opinion in the

<sup>1</sup> Continued from *Foreign Relations*, 1948, vol. iv, pp. 788-949.

<sup>2</sup> Not printed.

<sup>3</sup> Yevgeny (Eugene) Samoylovich Varga was a Hungarian-born famous Soviet economist and Director of the Institute of World Economics and World Politics in the Academy of Sciences of the Soviet Union until October 1947. His severely criticized book was entitled *Changes in the Economy of Capitalism as a Result of the Second World War*.

<sup>4</sup> None printed; however, in regard to despatch No. 495, see *Foreign Relations*, 1948, vol. iv, footnote 2, p. 942.

<sup>5</sup> *Ibid.*, p. 940.

<sup>6</sup> Not printed, but see *ibid.*, footnote 1, p. 947.



highest ranks of the Party on the crucial question of the capacity of the West to maintain a healthy economy and increase its industrial-military potential. Otherwise it would seem impossible to account for the fact that Varga, who is accused of "teaching bourgeois theories of the 'planned nature' of capitalistic economy, of soft-pedaling the class conflicts of capitalism and its general crises, of adopting a conciliatory attitude toward bourgeois theoretical apologetics, etc." could survive for more than a year and a half and still be permitted to repeat his "errors" in a speech at the October, 1948 session of the Institute of Economics, whereas in the other fields of Soviet Science, art and literature where the Party broom has swept, the heretics have either rushed to confess their mistakes and to conform to the Party line or been pushed into the background. Of the Varga group originally condemned only Eventov, according to *Planned Economy*, acknowledged his mistakes while "as a whole, this group displayed a non-party, un-Bolshevist attitude toward criticism and self-criticism, thus intensifying to a great extent the error of their whole position". That Varga still continues to hold a prominent place in the Academy of Sciences after this terrifying indictment has been confirmed as recently as January 3, 1949 when *Evening Moscow* reported the departure from Moscow of a group of scholars for Leningrad to participate in the Academy's meeting devoted to the history of Russian science (See Emb A-1292 December 30, 1948<sup>7</sup>). Among the scholars mentioned who were to participate in the meeting and deliver speeches, was Varga.

As regards Miss Fischer's view that this cleavage carries through into a difference of opinion on Soviet policy, one school pressing for constant and active expansion while the other deriving support from Varga's economic conclusions advocates a more cautious approach, it is believed that the Varga affair is an important indication of the doubts and perplexities necessarily assailing Soviet policy-makers and a reflection of one of the fundamental considerations which must weigh heavily in the councils of the Politburo.<sup>8</sup> The Embassy has always felt that in the deliberations of the Politburo there have been, to a certain extent at least, clashes of opinion on subjects to be decided, but once a decision has been reached, ranks are closed and the whole party hierarchy, as well as the Government, is committed by loyalty and discipline to carry out in full measure the policy decided upon. Moreover, no evidence has appeared to cast doubt in the Embassy's mind on the thesis that Stalin<sup>9</sup> continues to exercise actively in all major questions the final word. It is undoubtedly significant that he

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<sup>7</sup> Not printed.

<sup>8</sup> The Political Bureau of the Central Committee of the Communist Party of the Soviet Union.

<sup>9</sup> Iosif Vissarionovich Stalin, Marshal and Generalissimo, Chairman of the Council of Ministers of the Soviet Union (premier).

has not yet committed his authority to either side in this dispute nor has any other top-level leader of the Party.

Thus, if Miss Fischer means to say by her reference to two schools of thought on a policy level that there are clashes of opinion amongst members of the Politburo (always excepting the Leader) on this or that question of policy to be decided at the moment, then the Embassy is in agreement that in reaching a decision on matters involving the calculation of Western stability and strength, the views of the Varga school are probably being carefully weighed. There are also many other considerations, such as military, social and psychological factors, both external and internal, which would be involved in reaching a decision on matters involving a more or a less aggressive policy. In our view, however, these considerations as a whole now apply rather to questions of timing and tactics than to strategy and ultimate objectives.

If Miss Fischer means to imply that there is a split in the Politburo on policies already adopted or that there are now two factions in that body, one contending for a radical change in present Soviet policies, the Embassy cannot agree. It is clear that the basic decision to revert to militant Communism and to identify the "Anglo-Americans" as the principal enemy was taken in 1945, if not before. If there were any doubters of the wisdom of this decision they have certainly long since swallowed their doubts or been removed from any role of authority. The only "Soviet leader" we know of who disclosed any qualms on the subject was the already powerless Litvinov,<sup>10</sup> who did so to Ambassadors Harriman (in September 1945<sup>11</sup>) and Smith (in March 1946<sup>12</sup>) thereby incidentally confirming that the great decision had in fact already been taken. Given the Soviet Union's objective as the attainment of preponderant strength over any possibly unfriendly combination and the eventual victory of communism throughout the world, it would be natural that differences of opinion would arise amongst any group of men responsible for the policies to attain this objective. But the inner dynamics of the objective supported by a "scientific" dogma, which teaches the historical correctness of the end sought, compel the Soviet leaders to press on with the world revolution. There may be periods of ebb and flow in the revolutionary movement, as Stalin has said (see Embtel 3030 Dec. 27, 1948<sup>13</sup>), re-

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<sup>10</sup> Maxim Maximovich Litvinov had been the People's Commissar for Foreign Affairs of the Soviet Union from 1930 until May 3, 1939, and Ambassador to the United States, 1941-1943. After his recall he had served as an Assistant Commissar (from March 15, 1946, a Deputy Minister) for Foreign Affairs until his retirement on August 24, 1946.

<sup>11</sup> Ambassador Harriman reported on the disquieting conversation he had had with Litvinov on the previous evening in telegram 3930 from Moscow on November 22, 1945; *Foreign Relations*, 1945, vol. v, p. 921.

<sup>12</sup> For a quotation from Litvinov's private conversation with Ambassador Smith on May 23, 1946, see *ibid.*, 1946, vol. vi, footnote 11, p. 763.

<sup>13</sup> *Ibid.*, 1948, vol. iv, p. 947.



quiring the adoption of more and then less dynamic policies, but the pressure must be kept on. Tactics may change but the strategic objective never.

With these cautions, therefore, the Embassy is in wholehearted agreement with Miss Fischer's contention that the original public airing of the Varga dispute coupled with the recently published confirmation of the continued existence of two schools of opinion on this subject reflects an as yet unresolved difference of views at such high levels that each side in the controversy has powerful and effective support. The dispute has so far occurred on a comparatively low technical level and it may be that a revision of the present party line by a higher authority will be called for which will see the Varga group emerge at the top.

Yugoslavia is another matter. The Embassy cannot agree with Miss Fischer's reasoning that a connection existed between the Tito<sup>14</sup> episode and the issues involved in the Varga controversy, in that Tito was forced by the exigencies of the Yugoslav internal situation into alignment with the school advocating caution. There were undoubtedly many factors governing the decision to make an issue of Tito's Yugoslavia. As the Embassy has previously reported (Embtel 3008, Dec. 23, 1948<sup>15</sup>) it appears evident that the Tito break was consciously decided upon by the Soviet leaders who, although there were many choices open to them for settling the issues involved, deliberately chose an open split with all its consequences. The possible connection between this decision and the issues in the Varga dispute, as the Embassy views it, is that having decided that the advance of Communism in Western Europe was temporarily halted by the growing forces of stabilization, the Politburo came to the conclusion that a policy of consolidation and stricter Soviet control over the satellites was necessary at this time even at the price of temporary weakness in order to gain strength for the inevitable future conflict. If this be true, Varga's theories on post-war developments in the capitalistic countries would have supported those advocating this policy.

The Varga dispute has not been allowed to die down. An article by I. Kuzminov entitled "On the Crisis-Like Character of the Economic Growth of the USA in the Post-War Period" appeared in the December 15 issue No. 23 of *Bolshevik*, a periodical of the Central Committee of the CPSU(B) and the renewed criticism of the Varga group at the meeting of the Institute of Economics October 2-5 first reported in *Planned Economy* No. 5 has been expanded upon in the recently received issue of *Annals of the Academy of Sciences USSR Section of Economics and Law* No. 6, Nov.-Dec. 1948, in an article

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<sup>14</sup> Josip Broz Tito, Marshal, President of the Council of Ministers, and Minister of National Defense of the Federal People's Republic of Yugoslavia.

<sup>15</sup> *Foreign Relations*, 1948, vol. iv, p. 943.



entitled "Scientific Life—on the Shortcomings in Scientific Research Work in the Field of Economics and the Tasks of Soviet Economists" as well as in *Questions of Economics* No. 8 just received where the report of K. V. Ostrovityanov,<sup>16</sup> head of the Institute of Economics, is reprinted in full. The text of Varga's much criticized speech has not been published.

These articles will be the subject of a future report. They do not add anything essentially new to present knowledge of the affair but their appearance indicates no desire to conceal the differences—rather a wish to bring them into the open pending a final definitive stand on the question by the Party in the unknown future.

F[oy] D. K[ohler]

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<sup>16</sup> Konstantin Vasilyevich Ostrovityanov was a Soviet economist, Director of the new Institute of Economy, following the fusion of the Institute of World Economy and World Politics (headed by Varga until October 1947), and Director of the Institute of Economy of the Presidium of the Academy of Sciences.

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361.1115/1-1249

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

[Extracts]

SECRET

Moscow, January 12, 1949.

No. 28

The Chargé d'Affaires ad interim refers to the Embassy's Despatches No. 718 of October 4<sup>1</sup> and No. 841 of December 13, 1948,<sup>2</sup> regarding the problem of certain American citizens unable to depart from the Soviet Union and has the honor to transmit four recent Memoranda of Conversations<sup>3</sup> between officers in the Consular Section of the Embassy and American citizens either now residing in the U.S.S.R. or, in the case of Mrs. Gizella Kotyuk, with a citizen who has recently been repatriated to the United States.

The Embassy feels that the experiences of these particular citizens, outlined both in the enclosed Memoranda and in the citizenship briefs transmitted to the Department with the despatches under reference, are particularly revealing examples of the general treatment extended during approximately the past eighteen months to all American citizens who have actively sought to enlist their government's support in establishing their claim to United States citizenship and in departing from the Soviet Union. While the specific examples cited are drawn from the experiences of only some twenty citizens, the treat-

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<sup>1</sup> *Foreign Relations*, 1948, vol. iv, p. 923.

<sup>2</sup> Not printed. This despatch contained additional citizenship briefs and lengthy descriptions of instances on American citizens who were unable to leave the Soviet Union, supplemental to despatch 718.

<sup>3</sup> None printed.

ment disclosed, in the light of evidence revealed in letters and, infrequently, through visits by other American citizens during the past year, appears to be so typical as to justify the preceding generalization.

The following general conclusion would appear to stand out clearly from the material described above. With the exception of the period preceding the War of 1812, perhaps never have so many American citizens been subjected to comparable discriminations, threats, police interrogations, and administrative punishments, all for no greater offence than that of attempting to assert their American citizenship and depart from a country whose regime they abhor more strenuously than many of their more fortunate fellow citizens residing in the United States. And never, unfortunately, has a United States Embassy been quite so powerless to protect American citizens.

The basic cause of this situation is, of course, entirely beyond the control of the individual citizen involved. It is becoming increasingly apparent that the Soviet Government is determined to eliminate once and for all the problem posed by persons desiring to depart for the United States and, on the basis of their claims to American citizenship, taking concrete steps to approach the Embassy for this purpose. The simplest and only humane way to achieve this end—i.e. to permit the departure of all American citizens who desire repatriation to the United States—is incompatible with a very basic and long range policy of the Soviet Government and its rejection of this method should prove surprising only to those who are unaware of the unassailable barriers which the Politburo has erected between the U.S.S.R. and the outside world.

Apart from this basic consideration, special factors must have impelled the Soviet Government to an intensification of its efforts designed to dispel all desire on the part of citizens to press their claims to American nationality. As the depiction of America as a brutal, imperialist state was intensified, the anomaly of persons residing and presumably enjoying the fruits of a socialist society who persisted in expressing their aspirations to return to the United States must have proved increasingly annoying to Soviet authorities at all levels of the government. Other motives are readily suggested. As the overwhelming majority of these citizens are residing in areas which have been incorporated into the U.S.S.R. since 1939 and are now included in the frontier areas closed to all foreigners, the ever-suspicious and ubiquitous state security officials would obviously seek, by any means whatsoever, to isolate individuals living in such critical areas and deny them contact with the Embassy or relatives abroad.

The methods employed by the Soviet authorities and the treatment of American claimants have been outlined to some extent in despatches and citizenship briefs but many tactics involved including some not



utilized in cases briefed should not be left unnoted and are worthy of general review.

*Soviet Tactics:*

Perhaps the most frequent initial tactic of local Soviet authorities confronted by an American citizen attempting to apply for Soviet documentation as a foreign citizen or stateless person residing in the U.S.S.R. or for a Soviet exit visa is to respond with the unqualified statement that the individual in question is a citizen of the U.S.S.R. The Embassy realizes that, in the majority of cases, it could not properly dispute such an assertion although it cannot help but note that hundreds of these persons acquired Soviet citizenship involuntarily on the basis of their status as citizens of a third state, part or all of whose territory has been recently incorporated into the U.S.S.R. The Embassy further notes that the Soviet Government, in several instances during the past four months, has made such assertion in the cases of persons who appear to the Embassy to have an indisputable legal claim to American citizenship only.

In those instances where a citizen has been the subject of previous communications between the Embassy and the Ministry of Foreign Affairs, the Embassy is usually informed in a cursory note that the person in question is a Soviet citizen. In cases where the individual previously possessed documentation attesting to the fact that he was not considered a citizen of the U.S.S.R. by Soviet authorities, the note sometimes concludes with the statement that such documentation was issued "through error". In either case, such a communication conveys no indication of what this decision has meant or will mean to the citizen but information reaching the Embassy, directly or indirectly, in individual cases may assist in clarifying this matter.

The individual is almost always subjected to pressure to accept a Soviet internal passport thus formalizing his status as a citizen of the U.S.S.R. Soviet methods to this end run the scale from persuasion to intimidation and administrative punishments. Applicants are sometimes informed by local OVIR (Soviet Bureau of Visas and Registration) officials that upon acceptance of a Soviet passport they would be issued a Soviet exit visa as soon as they were ready to depart from the U.S.S.R.<sup>4</sup> In other cases, Soviet officials, apparently hoping to convince individuals unfamiliar with the provisions of American nationality law that they do not possess a valid claim to United States citizenship and have no alternative but to accept a Soviet internal passport, have made assertions regarding American citizenship and its acquisition which are unfounded and false. If the individual continues

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<sup>4</sup> Many annotations contained in this despatch, some of considerable length, which listed references to earlier illustrative or supporting documents, or which included further details or evidence, have not been here reproduced.



to insist upon his claim to American citizenship, more drastic methods are adopted. Many are unable to find employment and others are threatened with deportation to Siberia unless they accept Soviet passports. . . .

In addition, the harassed, intimidated American citizen, many miles from Moscow, is often entirely unable to communicate with representatives of the United States Government. Soviet authorities have repeatedly refused persons documented as stateless persons or foreigners residing in the U.S.S.R. permission to come to Moscow to discuss their cases with the Embassy. Nor can the citizen ever be certain that all of his letters are delivered to American authorities in Moscow. In several instances, correspondence reaching the Embassy indicates that the citizen in question had previously addressed communications to the Consular Section which were never received by the Embassy.<sup>5</sup> And finally there is ample reason to believe that in certain cases citizens have either been prevented from entering the Embassy or arrested upon departing from a visit with Consular officers.

There remains, however, a small number of cases in which the evidence in support of exclusive American citizenship appears so strong that even the Soviet Government may hesitate to ignore it. One possible Soviet tactic in these cases would be to coerce claimants into applying for the citizenship of the U.S.S.R. thus expatriating the citizen in question and providing the Soviet Government with an unanswerable argument. . . .

#### *Effectiveness of Soviet Tactics:*

That the tactics outlined above have been highly effective in intimidating applicants and discouraging them from communicating with or visiting the Embassy is indicated by several developments. The Embassy's incoming mail from citizens resident in the U.S.S.R. has declined appreciably in the past several months and an increasing amount of its outgoing correspondence remains unanswered or is returned undelivered with such notations as "addressee does not reside at given address", "addressee departed, destination unknown", or even "addressee refuses to accept letter."

In addition, the few visitors who have disregarded Soviet travel restrictions and proceeded to the Embassy in the past few months appear more uniformly apprehensive of the possible consequences of their visit and exhibit a greater degree of pessimism regarding the possibilities of their repatriation.

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<sup>5</sup> A footnote here in the original despatch stated in part: "It is, of course, impossible for the Embassy to determine whether this particular tactic is inspired by explicit instructions from the MVD or whether it reflects a combination of uncoordinated local zealotry plus inefficiency in the Soviet mail service. In this particular matter, the Embassy is inclined to believe the latter supposition is nearer the truth."

The end result of the campaign described above is not difficult to visualize. The Embassy's correspondence with American citizens will, sooner or later depending upon the vigor with which local security officials press their efforts, be reduced to an insignificant trickle. Personal visits to the Embassy on the part of applicants will cease entirely. Nor would it be surprising if some of these citizens were either coerced, like certain of the Soviet wives of British and American citizens, or bribed, like the Armenian repatriates who were offered 1000 rubles to write anti-American letters, to author communications indicating their sincere desire to remain in a state where, in contrast to the situation now obtaining in the United States, discrimination and class exploitation have been entirely eliminated.

*Conclusion:*

The lengths to which the Soviet Government has gone indicates the importance of this matter in its eyes and reflects a determination to prevent the departure of American citizens on any available grounds, however open to question its methods and legal reasoning may prove to be. The Soviet Government may now have discounted the adverse effect upon world public opinion that would probably follow appropriate publicity highlighting its actions which, in a limited number of cases, appears to be in direct contravention of accepted principles of international law and custom bearing upon the treatment of citizens of friendly powers and, in the majority of cases involving dual nationals, flouts the principles outlined in Articles 13 and 15 of the recently adopted Declaration of Human Rights.<sup>6</sup> There is, however, some evidence for believing that the Soviets are conscious of and even extremely sensitive to the propaganda aspects of this question and are taking steps to handle the situation in their own characteristic manner. The impression inevitably left by correspondence and conversation with would-be repatriates, and perhaps adequately conveyed by the material accompanying this despatch, is that these people would represent an even more damaging propaganda potential outside the Soviet Union than within its borders where they can be rigidly controlled. Most of them are bitterly anti-Soviet and have felt the weight of the Soviet system far more than the average citizen of the U.S.S.R. In Soviet eyes they probably represent a security as well as a propaganda risk so far as the two may be dissociated, since the majority of them come from areas at present closed to foreign travel.

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<sup>6</sup> The Universal Declaration of Human Rights was adopted by the United Nations General Assembly in Paris on December 10, 1948, by 48 votes with 8 abstentions (including the Soviet Union). See United Nations, *Official Records of the General Assembly, Third Session, Part I, Plenary Meetings*, p. 933. The text is also printed in the Department of State *Bulletin*, December 19, 1948, p. 752. For documentation on the Human Rights question at the General Assembly session in Paris, see *Foreign Relations*, 1948, vol. 1, Part 1, pp. 289 ff.



The Soviet officials responsible for the solution of this problem appear caught in a dilemma of their own creation. Either they must present the West with further propaganda opportunities of the nature created by the wives question or they must accept the consequences of discharging a flood of new Kravchenkos<sup>7</sup> and Kasenkinas<sup>8</sup> upon the free world. The outlines of the solution as described in detail above appear fairly clear: to avoid the latter alternative by detaining all but an insignificant number of the claimants to foreign citizenship and to minimize the effects of the former by the broadest possible interpretation of Soviet citizenship law, by inducing claimants through every imaginable kind of pressure to abandon their claims to American nationality or, in certain cases of exclusive American citizenship, to apply for naturalization as citizens of the U.S.S.R. The few who are to be released, while they will probably be persons with clearly valid claims to exclusive American citizenship, will not necessarily be those with the most ironclad legal cases but will probably be chosen with an eye at least as much to security and propaganda considerations as to legalities. Any American charges will then be met by the assertion that bona fide claimants are being released and that the rest are either Soviet citizens with fraudulent claims, or have reconsidered after the experience of life in the Soviet Union and no longer desire to return to the United States.

A final factor in the Soviet evaluation of its problem in this area of United States-U.S.S.R. relations may well be the Kremlin's supposition that the Embassy is powerless in these matters and that the American Government does not consider the situation of enough import to warrant strong and positive action. This consideration is perhaps bolstered by knowledge of the American policy regarding the protection of dual nationals and this knowledge is now being shared by an increasing number of citizens residing in the Soviet Union.

Within the past several months, the Embassy has been obliged, in a growing number of cases, to confess its helplessness to protect claimants and has felt impelled to advise them, in instances where the citizen involved is threatened with arrest and deportation to Siberia or other punitive action, not to persist in asserting his or her claim to American citizenship. In appropriate cases, it has informed citizens that acceptance of a Soviet passport, on the grounds that they

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<sup>7</sup> For documentation on the attempts by the government of the Soviet Union to obtain the deportation of Viktor Andreyevich Kravchenko from the United States, see *Foreign Relations*, 1944, vol. iv, pp. 1224-1241, and *ibid.*, 1945, vol. v, pp. 1131-1138.

<sup>8</sup> Mrs. Oksana Stepanovna Kasenkina was a teacher in the special school for Soviet children maintained in New York City. For documentation concerned with her escape and the reciprocal closure of the Consulates General of the United States and the Soviet Union, see *ibid.*, 1948, vol. iv, pp. 1024 ff.



have already acquired Soviet citizenship by automatic action of Soviet decree, will not expatriate them.

. . . . .

*Recommendations:*

The Embassy recognizes that few countermeasures are available to the Government as means of compelling the Kremlin to alter its conduct in these matters. At the moment, the main approach which appears to be envisaged involves Departmental representations to the Soviet Ambassador in Washington<sup>9</sup> concerning American citizens who either, *a*) despite their Soviet documentation as stateless persons or foreigners, have been unable to obtain Soviet exit visas or who, *b*) although until recently documented as individuals not possessing Soviet citizenship, have now been declared citizens of the U.S.S.R. by the Ministry of Foreign Affairs on grounds which the Embassy considers illogical and arbitrary.

The Embassy notes, however, that even if this approach is successful, it would be of assistance to an extremely limited number of citizens. The Department may find the Soviet Government's reaction to the Embassy's approach regarding the question of certain American citizens now detained at forced labor in the U.S.S.R. of assistance in evaluating possible means to meet the problem of repatriating at least some of the remaining American citizens in the U.S.S.R., including the 21 children separated from parents in the United States. At the moment, of course, it is impossible to gauge the Soviet reaction to the initial American approach concerning this matter in Berlin and the Embassy concurs in the opinion of the Department that, until it is determined whether a reciprocal exchange can be achieved on the limited basis now envisioned, it is not desirable or necessary to formulate a definitive conclusion on the question of whether the voluntary repatriation of non-criminal displaced persons should be placed on an exchange basis.<sup>10</sup>

. . . . .

If the attitude of the Soviet Government toward the American approaches mentioned above proves unsatisfactory, the Embassy would recommend that the Department give urgent consideration to devising appropriate means of acquainting the American public with the situation confronting their Government and Embassy in this particular area of United States-Soviet relations.<sup>11</sup> At the very least, an official press

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<sup>9</sup> Alexander Semenovitch Panyushkin.

<sup>10</sup> See telegram 1318 from Moscow on July 14, 1948; instruction 122 to Moscow on July 30; despatch 718 from Moscow on October 4; and telegram 1411 to Moscow on December 21, in *Foreign Relations*, 1948, vol. iv, pp. 901, 906, 923, and 942, respectively.

<sup>11</sup> See the "Information concerning Soviet Exit Visas" enclosed in despatch No. 178 from Moscow on February 10, 1948, *ibid.*, p. 806.

release concerning this matter, if the Department deems such means advisable, would be of immediate value in making clear to interested parties in the United States the unpalatable but fundamental fact that the representatives of their Government in Moscow are, for all practical purposes, helpless to assist American citizens in the U.S.S.R. and that the sole responsibility for the present plight of their loved ones rests with the Soviet Government. It seems to the Embassy, moreover, that such an announcement, if appropriately documented and publicized, would have an importance far greater than that of helping to meet the particular situation outlined in the preceding sentence. Above all, it would lay at rest the fiction that the Embassy in Moscow is effectively conducting normal consular functions and would assist in dispelling the myth, so assiduously cultivated by the Kremlin, that residents of the U.S.S.R. are living in a perfect society where the problem of the maintenance of human rights has been completely solved.<sup>12</sup>

In the present world struggle for men's faith and allegiance, free governments would seem extremely ill-advised to ignore such fictions and to fail to seize every opportunity to prove, in terms and on issues so fundamentally "human" that individuals everywhere can understand them, the basic truth that the Soviet dictatorship is as ruthlessly destructive of personal liberties as any known to history and that its repeated protestations concerning the resolution of all conflicting interests between the individual and the state in the U.S.S.R. is as over-weening a "big lie" as ever emanated from Adolf Hitler's Third Reich.

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<sup>12</sup> See an article on "United Nations Action on Human Rights in 1948" by James Simsarian in Department of State *Bulletin*, January 2, 1949, pp. 18-23, especially the passage on the prevention of Soviet spouses of foreign citizens to leave the Soviet Union on p. 22.

The Embassy in this despatch called attention to the speech made on December 10, 1948, before the United Nations General Assembly on the draft Declaration of Human Rights by Andrey Yanuaryevich Vyshinsky, at that time first Deputy Foreign Minister and Chairman of the Delegation of the Soviet Union to the General Assembly. See GA (III/1), *Plenary*, pp. 923-929.

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861.9111 RR/1-1549 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, January 15, 1949—9 p. m.

107. Re Embtel 2640, November 15 [1948] and previous, Weekas November 12, 19, 26.<sup>1</sup> Soviet press recent days revives "peace" cam-

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<sup>1</sup> None printed. (Weeka was a name given to a series of weekly summary reports prepared in the Embassy in the Soviet Union.)



paign<sup>2</sup> by featuring appeals for direct US-USSR negotiations by Kremlin stooges in USA. Much space given :

January 10 All-Slav Congress letter calling on President enter direct negotiations for liquidation cold war ;

January 11 appeal of Shapley<sup>3</sup> on behalf National Council Scientists, Artists, etc. Calling Congress cultural scientific workers "for restoration mutual understanding and cooperation US and Soviet Union". Extensive quotes alleging US responsible cold war, American science and culture militarized and muzzled, US circumvention UN ;

January 12 statement executive committee Progressive Party demanding President fulfill promises "by meeting Stalin for discussions on all basic differences between US and Soviet Union" and abandoning Atlantic Pact plans.

Quotes stress Acheson<sup>4</sup> appointment paves way, makes possible immediate expert consultations to prepare meeting demanded by peoples both countries and world.

Evidently same line being followed Comintern<sup>5</sup> elsewhere (Paris 136, January 12 to Department<sup>6</sup>) and will doubtless continue or be revived on every possible occasion.

As we see it this cynical and insidious campaign exploiting peaceful hopes of people everywhere is most successful Soviet gambit and has not been adequately exposed and countered by west. While leaving Soviet Government wholly uncommitted, it is craftily designed to leave impression tense world situation is fault, not of Soviet Union, but of west, especially US ; initiative for settlement is thus up to US ; settlement is possible ; Soviet Government is just waiting to be asked. Since this is all directly contrary to truth, its falsity might be expected to be obvious to people everywhere. We are satisfied, unfortunately, that this is not case, thanks to shortness of man's memory and to eternal wishful thinking of world's non-Communists. Grasp of this fallacious idea even on experienced and supposedly en-

<sup>2</sup> For additional documentation on the subject of a "peace offensive" in the propaganda maneuvers of the Government of the Soviet Union, see pp. 806 ff.

<sup>3</sup> Dr. Harlow Shapley was the Director of the Harvard College Observatory.

<sup>4</sup> Dean G. Acheson had been appointed to succeed Gen. George C. Marshall as Secretary of State.

<sup>5</sup> The dissolution of the Communist (Third) International from the resolution adopted by the presidium of the Executive Committee of the Communist International on May 15 (published on May 22) recommending this action to the communiqué of June 10 of the presidium considering this organization abolished is described in *Foreign Relations*, 1943, vol. III, pp. 532-543, *passim*.

<sup>6</sup> Not printed. Ambassador Jefferson Caffery explained to the Department of State in telegram 219 from Paris on January 18 how recent developments in the Soviet-Communist peace drive could be viewed from there : "In other words basic directives being issued to party militants here for study as well as action boil down to conception that 'peace', the only real peace as understood by Kremlin may be achieved solely on Soviet terms and that the instincts of aggression fired by class struggle against American 'imperialism' should be encouraged as a method of security for Soviet Union and justification to its own people for its totalitarian regime." (800.00B Communist International/1-1849)



lightened statesmen (as well as difficulty combatting it) strikingly illustrated in SC decision and Evatt-Lie<sup>7</sup> initiative on Berlin, and pious Mexican UN resolution.

We accordingly believe large-scale counter-propaganda campaign should be undertaken, pegged perhaps on fresh reiteration President's frequent statement he would be glad to see Stalin in Washington at any time, and developed through speeches and VOA, designed to:

(1) Expose real purpose this Communist line; its utter dishonesty could not be better portrayed than in Kennan's 878, March 20, 1946.<sup>8</sup>

(2) Review repeated occasions on which west has gone 90-100 percent of way to seek agreement, e.g. Tehran, Yalta, Potsdam. Recall how Soviet Government arrantly rejected opportunity seek settlement through Ambassador Smith-Molotov talks last spring, instead warping and distorting Ambassador's remarks to serve ends Soviet propaganda (Embtel 882, May 11<sup>9</sup>).

(3) Make clear initiative must rest with Kremlin, which responsible tense situation, not with US, and that in view Soviet recent perfidy, acts rather than words are required.

(4) Create public understanding there could be no "settlement" at any level without radical change Soviet aggressive policy, which is not to be expected; and that any partial "settlements" which might be obtained without Soviet policy change could only delude and betray peoples hopes.

(5) Develop calm, informed public acceptance of likelihood basic conflict not susceptible to real definitive settlement but confidence indefinite peace can and will be assured not by factitious "negotiations", but by steadfast exertions, unbroken unity and increasing economic and military strength west.

KOHLER

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<sup>7</sup> Herbert V. Evatt was Minister for External Affairs of Australia and President of the General Assembly of the United Nations. Trygve Lie was Secretary General of the United Nations.

<sup>8</sup> For telegram 878 from George F. Kennan, then Chargé in the Soviet Union, see *Foreign Relations*, 1946, vol. vi, pp. 721-723.

<sup>9</sup> Not printed, but for documentation on the conversations between Ambassador Walter Bedell Smith and Minister for Foreign Affairs of the Soviet Union Vyacheslav Mikhailovich Molotov in May 1948, see *ibid.*, 1948, vol. iv, pp. 834-866, *passim*.

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711.61/1-1749

*Memorandum by the Counselor of the Department of State (Bohlen)*

CONFIDENTIAL

[WASHINGTON,] January 17, 1949.

It is now quite clear that the Kremlin is activating a new "peace offensive". The repetition by Marcel Cachin<sup>1</sup> of his previous statement in the French Assembly concerning the possibility of adjustment between the U.S. and USSR and the support given to this thesis by

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<sup>1</sup> Marcel Cachin was a leader in the French Communist Party and a member of the French Chamber of Deputies.

Togliatti<sup>2</sup> plus the attention which the Soviet press has been giving to this idea makes clear that it is a definite move in present Soviet policy. The fact that it is done publicly through stooges also reveals that it is a propaganda maneuver designed to confuse and disrupt western thinking, particularly in the United States, and not a serious move towards settlement.

All our experience indicates that when the Soviet Government wishes seriously to reach some form of settlement of one or another question this is done quietly and with no public fanfare. It is probable that the Kremlin is becoming more intelligent in relation to American public opinion and the current peace offensive is unquestionably designed to influence public and hence Congressional reaction to the ECA and the North Atlantic Pact and military supply programs which will soon be coming up.

The main question which we have to consider is how best publicly to deal with this maneuver if it continues and develops. It is important therefore that we get a *Governmental* attitude or line to be taken in dealing with press inquiries which have already begun. We should develop a position which will not serve to further the Soviet propaganda purposes without on the other hand appearing to be knocking down a move towards peace.

In view of its importance you<sup>3</sup> may care to discuss that with Acheson this afternoon when you see him and possibly have the matter brought to the attention of the President. In the meantime, I would suggest that in reply to questions to McDermott<sup>4</sup> and elsewhere in the Department we should refrain from commenting on newspaper rumors or statements of Communist officials on the ground that they do not constitute anything official and are merely vague generalities.

CHARLES E. BOHLEN

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<sup>2</sup> Palmiro Togliatti was the Secretary General of the Italian Communist Party and a deputy in the Italian parliament.

<sup>3</sup> The person to whom reference is made was probably the Under Secretary of State James E. Webb.

<sup>4</sup> Michael J. McDermott was Special Assistant to the Secretary of State for Press Relations.

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761.00/1-2849 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, January 28, 1949—6 p. m.

222. Embassy believes Chinese collapse<sup>1</sup> signals urgency general review US foreign policy Asia already suggested Ambassador New Delhi<sup>2</sup> (Department circular airgram January 11, 8:25 a. m.<sup>3</sup>). Such

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<sup>1</sup> For documentation on the situation in China, see volumes VIII and IX.

<sup>2</sup> Loy W. Henderson.

<sup>3</sup> Not printed.



review obviously dependent on continuing study pattern Soviet policy Far East and Southeast Asia as indicated Department circular instruction October 13.<sup>4</sup>

Events seem support Embassy's opinion that Soviet-CCP planning directed toward China as whole (Embtel 1214, June 30<sup>5</sup>) and we therefore think it unlikely Soviets can or will attempt in near future wean peripheral areas or Manchuria from direct CCP control. Even if they so desired, strength, prestige and brilliant success CCP would make such action impracticable.

Consequently whether they like it or not Soviets face CCP dominated China and Embassy believes Tito example will compel them all costs strive avoid rift with Mao.<sup>6</sup> Therefore we may expect contend for reasonable future Soviet-supported Communist China.

From this arises question defense remainder Far East from further Communist domination. As most likely bases this defense, Japan and India suggest themselves. While Japan's strategic importance to US self-evident, its record Asia eliminates it from position leadership for many years to come. Our efforts strengthen Japan have already created apprehension which would be acutely intensified should we base our entire Far East policy on Japan.

India lacks many qualifications for leadership but personality Nehru<sup>7</sup> and appeal to Asiatics of Indian independence achievement cannot be discounted. Pan-Asianism is powerful force of which Soviets fully conscious and which they would like exploit to full; however, they do not like blocs which they cannot control. Apparently sober accomplishments New Delhi conference and Soviet adverse reaction (Embtel 175, January 24<sup>4</sup>) show Kremlin did not win this round. Crystalization force in Asia around India presents us opportunity it would be tragic to miss.

Embassy acutely aware complexity problems involved our active assistance any kind regional Asiatic grouping such as one led by India, particularly as regards ERP and our relations European colonial powers. Nevertheless, risk Communist domination all Asia must be weighted against risk disagreements west European friends having colonial interests there.

Asiatic regional group can consolidate west [*east?*] against west, colored against white. It could succumb to Communism, but it could save Asia. Dangers too grave and opportunity too great to ignore. With its political heritage and strength, US only nation able inspire

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<sup>4</sup> Not printed.

<sup>5</sup> *Foreign Relations*, 1948, vol. VII, p. 326.

<sup>6</sup> Mao Tse-tung was Chairman of the Central Committee of the Chinese Communist Party and from October 1, 1949, Chairman of the Government of the People's Republic of China.

<sup>7</sup> Pandit Jawaharlal Nehru was Prime Minister of the Government of India.



Asiatics toward course away from Communism. While Embassy does not feel competent propose detailed course action, we believe positive dramatic step called for backed by long-range constructive program. If we make known our understanding and political support Asiatic movement directed away from dangers noted above, combined with economic technical assistance to Far East under President's program aid under-developed areas, we shall have taken one step toward preventing catastrophe of China from becoming catastrophe all Asia.

Sent Department 222; repeated Nanking 18, New Delhi 4.

KOHLER

840.20/1-3049: Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET US URGENT

Moscow, January 30, 1949—9 p. m.

233. Stalin reply to Kingsbury-Smith questions<sup>1</sup> just broadcast Soviet radio obviously timed calculated fit in with anti-Atlantic Pact blast and blunt *démarche* to Norwegians. Embtel 228 January 29<sup>2</sup> and 230 January 30.<sup>3</sup> Our preliminary reaction Kremlin surprised and really hit by rapid development plans for effective Atlantic defense union with teeth in it and determined do everything possible delay or frustrate its conclusion or at least minimize extent. Vigor their reactions to obviously defensive pact against aggression arouses suspicions re Soviet intentions which should be exposed by all media US information.

Stalin's statements designed achieve goals recent Soviet "peace offensive" as outlined Embtel 107 January 15, and already exposed by VOA and US public declarations. Timing clearly intended divert attention from bluntness Oslo *démarche* by cover confusion re Soviet "peaceful" intentions. Again Kremlin talks peace but acts hostilely. Value pact with Soviet Union declaring no intention resort war and agreement on measures implement such pact perfectly evaluated and exposed Bohlen's address New York Bar Association January 28.<sup>4</sup> Remarks on Germany and Berlin go right back to initial objectives Kremlin tried vainly obtain from last summer's Moscow talks. Finally notable that despite wide opening Stalin indicates no more intention going half way meet President Truman in person than he has in principle.

Sent Department 233, repeated London 25, Paris 37, Oslo 10.

KOHLER

<sup>1</sup> *Infra.*

<sup>2</sup> Vol. iv, p. 51.

<sup>3</sup> Not printed. In regard to the *démarche* made to Norway, however, see editorial note and despatch No. 51 from Oslo on February 10, 1949, *ibid.*, pp. 53 and 91.

<sup>4</sup> Address on "The American Course in Foreign Affairs"; for text, see Department of State *Bulletin*, February 6, 1949, p. 157.

711.61/1-3149 : Airgram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

UNCLASSIFIED

Moscow, January 31, 1949.

A-98. The Embassy's translation of Stalin's replies to questions submitted to him by Kingsbury Smith, General European Director of the International News Service, published by the Soviet press on January 31, 1949, is transmitted herewith for the Department's record.

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THE REPLIES FROM COMRADE STALIN TO QUESTIONS PUT BY THE GENERAL EUROPEAN DIRECTOR OF THE AMERICAN AGENCY "INTERNATIONAL NEWS SERVICE" MR. KINGSBURY SMITH, RECEIVED ON THE 27TH OF JANUARY 1949

*First Question* Would the Government of the USSR be prepared to examine the question of publishing a joint declaration with the Government of the United States of America, confirming that neither Government intends to resort to war against the other?

*Reply* The Soviet Government would be prepared to examine the question of publishing such a declaration.

*Second Question* Would the Government of the USSR be ready to adopt jointly with the Government of the United States of America measures aimed at implementing this Peace Pact, such as gradual disarmament?

*Reply* Of course the Government of the USSR could cooperate with the Government of the United States of America in the adoption of measures aimed at implementing the Peace Pact and leading to gradual disarmament.

*Third Question* If the Governments of the United States of America, the United Kingdom and France agree to postpone the establishment of a separate West German state until the convocation of a session of the Council of Foreign Ministers devoted to the examination of the German problem as a whole, would the Government of the USSR be prepared to remove the restrictions introduced by the Soviet authorities on communications between Berlin and the Western zones of Germany? <sup>1</sup>

*Reply* If the United States of America, Great Britain and France observe the conditions stipulated in the third question, the Soviet Government sees no obstacle to a removal of transport restrictions provided, however, that the transport and trade restrictions introduced by the three powers are removed simultaneously.

*Fourth Question* Would you, Your Excellency, be prepared to meet President Truman in any place acceptable to both parties to discuss the possibility of concluding such a Peace Pact?

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<sup>1</sup> For further details about this question regarding the Berlin blockade, see editorial notes, vol. III, pp. 666-667.



*Reply* I have previously stated that there is no objection to a meeting.

KOHLER

711.61/1-3149: Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET      NIACT  
URGENT

Moscow, January 31, 1949—6 p. m.

242. Re Embtel 233, January 30. In talks with western colleagues, have found unanimous agreement Soviet Foreign Office blast against Atlantic Pact and Oslo *démarche* indicates Kremlin hard-hit by unexpectedly rapid development Atlantic Pact and other effective defense measures non-Communist world against Soviet aggression. All agree Stalin replies to INS smoke-screen to cover "practical ultimatum" to Norway (and indirectly Denmark and Sweden), in accord Soviet technique of confusion and deception ably analyzed by "Historicus" article.<sup>1</sup>

Re Stalin's replies, it must be remembered submission questions to Stalin, both by letters from Moscow correspondents and cables from abroad, is regular insidious journalistic practice. One out of hundred answered, when it suits Kremlin purposes, and convenient supply thus always at hand. Replies sometimes omit, remodel or combine correspondents' questions. While questions usually phrased tendentiously to evoke answer by serving Soviet interests, some further light might be cast on Stalin's intent if Department or Paris could compare exact text Kingsbury-Smith original communication.<sup>2</sup> Radio reports indicate apparent mistranslation or distortion to effect Stalin "ready meet President any time, any where" or at "any mutually agreeable place" (as fourth question actually phrased). Published official text Stalin's

<sup>1</sup>Historicus, "Stalin on Revolution," *Foreign Affairs* (New York), vol. xxvii, no. 2 (January 1949), pp. 175-214. (This article was reprinted under the author's own name, George Allen Morgan, in the book edited by Philip E. Mosely, *The Soviet Union, 1922-1962: a Foreign Affairs Reader* (New York, Frederick A. Praeger, Inc., publisher, 1963), pp. 215-255. At the time of the original publication, Mr. Morgan had been First Secretary of Embassy and Consul at Moscow since May 1948.)

<sup>2</sup>The Department of State itself speculated whether the whole story might have been arranged in Moscow without the participation of Kingsbury Smith. In telegram 275 to Paris, repeated to Moscow as telegram 47, on January 31, it stated that "Questions answered by Stalin through INS read as if had been drafted by Soviets" and requested that the endeavor should be made "discreetly [to] get full account". (711.61/1-3149) On the next day Ambassador Caffery replied from Paris in telegram 420 that Kingsbury Smith had said that "he hoped that 'questions and answers would help clear smoke rising from Soviet peace drive'" and that there was "no reason to doubt Smith's story". (711.61/2-149) Specifically in telegram 436 from Paris on February 2, Ambassador Caffery stated that "Kingsbury Smith has informed us that wording of questions he submitted to Stalin was unchanged and that four questions as published were only ones he submitted." (711.61/2-249)



reply specifically, deliberately restricted to "as I have declared earlier, there are no objections to a meeting".

Whole thing tactical maneuver on journalistic level constituting part propaganda campaign designed capture initiative for Kremlin. We think opportunity presented for positive effective answer on same level possibly at early presidential press conference. In our view approach should be positive, rather than defensive, and put baby back in Stalin's lap where it belongs. Occasion might be taken not only reiterate President's readiness see Stalin in Washington any time but even to add willingness meet him any mutually agreeable place *after* demonstration satisfactory to our allies and ourselves Kremlin ready abandon its policy hostility and aggression and really cooperate, in acts rather than words, in building peaceful world.<sup>3</sup>

In elaboration, might be pointed out Stalin's declarations pose many questions regarding *bona fides* Soviet intentions. Does Stalin really want to talk peace while Soviet blockade Berlin takes lives of British and American airmen? Does he really believe a non-war declaration would have any meaning without settlement underlying issues? Is Stalin ready, to mention only few examples, to:

(1) Reverse Soviet Government's avowed goal of wrecking West European reconstruction?

(2) Permit effective inspection in Soviet Union essential to atomic control and any real disarmament?

(3) Accept and help carry out UN decisions on Balkans, on Korea, and "Little Assembly," heretofore flaunted by Soviet bloc?

(4) Open his hermetically-sealed country, grant his people Four Freedoms and allow them enjoy normal relationships with other peoples?

(5) Renounce goal of Communist world daily trumpeted in Soviet press?

Sent Department 242, London 26, Paris 38; Department pass Oslo as 11.

KOHLER

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<sup>3</sup> Secretary of State Acheson made remarks about Stalin's answers to Kingsbury Smith at his press conference on February 2. For the text of his comments, see Department of State *Bulletin*, February 13, 1949, pp. 192-194. President Truman had been asked questions about a possible meeting with Stalin at his news conferences of January 13 and February 3, to which he had made brief replies. See *Public Papers of the Presidents of the United States: Harry S. Truman, 1949*, pp. 98, 129.

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711.61/2-349 : Airgram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

UNCLASSIFIED

Moscow, February 3, 1949.

A-111. As a supplement to the Embassy's translation of Stalin's replies to questions submitted to him by Kingsbury Smith of the International News Service, forwarded to the Department in airgram

A-98, dated January 31, 1949, a translation of the later telegraphic exchange between Smith and Stalin is enclosed herewith.<sup>1</sup>

### THE REPLY OF I. V. STALIN TO KINGSBURY SMITH'S TELEGRAM

On February 1st, the European Director of the American agency "International News Service", Kingsbury Smith, sent the following telegram to I. V. Stalin from Paris:

"To Generalissimo Iosif Stalin,

Your Excellency,

The official representative of the White House, Charles Ross,<sup>2</sup> stated today that President Truman would be glad of an opportunity of meeting you in Washington. Would you, Your Excellency, be prepared to travel to Washington for this purpose. If not, then where would you be prepared to meet the President.

With deep respect, Kingsbury Smith, European Director of the 'International News Service'."

I. V. Stalin has sent the following reply to Kingsbury Smith:

"To Mr. Kingsbury Smith, European Director of the 'International News Service'.

I have received your telegram of February 1st.

I am grateful to President Truman for his invitation to Washington. A visit to Washington has long been my desire, about which I spoke at the time to President Roosevelt in Yalta and to President Truman in Potsdam. Unfortunately, at the present time I am deprived of the opportunity of realising this wish of mine, since doctors resolutely oppose my taking any long journey, particularly by sea or by air.

The Government of the Soviet Union would welcome a visit by the President to the USSR. It would be possible to arrange a conference in Moscow or in Leningrad, or in Kaliningrad, in Odessa or in Yalta—as the President chooses, if, of course, this is not contrary to the President's convenience.

If, however, this proposal meets with an objection, it would be possible to arrange a meeting in Poland or in Czechoslovakia—at the President's discretion.

With respect, I. Stalin. 2nd February, 1949"

KOHLER

<sup>1</sup> The Embassy remarked in telegram 262 from Moscow on February 2 that "Stalin's second reply to Kingsbury-Smith clearly attempt put President on spot and wring last drop propaganda value this latest move Soviet peace offensive". It seemed now that the opportunity had improved to retake the initiative on the lines which had been suggested in telegram 242 of January 31. (711.61/2-249)

<sup>2</sup> Charles G. Ross was the White House press secretary.

711.61/2-449: Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

Moscow, February 4, 1949.

282. Under two column headline "Refusal President Truman Peace Pact Between USSR And USA" Soviet press February 4 prints 22



line New York Tass<sup>1</sup> despatch stating Acheson expressed himself negatively on all points touched in Stalin-Smith exchange and Truman's subsequently supported Acheson's views.<sup>2</sup> Despatch concludes: "Local circles believe Truman's and Acheson's negative attitude explained by fact peace pact runs counter to aggressive plans organization Atlantic Union".

In contrast this coverage 3¼ columns given foreign reactions Stalin-Smith exchange which generally report favorable comment. Three-fourths column also accorded London Tass despatch quoting Platts-Mills'<sup>3</sup> and Hewlett Johnson's<sup>4</sup> pleas for east west peace.

KOHLER

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<sup>1</sup> Telegraph Agency of the Soviet Union, the official communications agency of the government of the Soviet Union.

<sup>2</sup> The Embassy indicated in telegram 287 from Moscow later in the day that the press headline that President Truman had rejected the peace pact had given the impression of bad faith on the part of the President. (711.61/2-449)

<sup>3</sup> A member of the British House of Commons from Finsbury.

<sup>4</sup> Hewlett Johnson was the Dean of Canterbury Cathedral in England.

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711.61/2-549: Telegram

*The Ambassador in the United Kingdom (Douglas) to the Secretary of State*

SECRET US URGENT

LONDON, February 5, 1949—9 p. m.

441. Personal for the Secretary from Douglas. ReEmbtel 420, February 4.<sup>1</sup> Yesterday Bevin<sup>2</sup> told me Kingsbury Smith had sent Attlee<sup>3</sup> a telegram dated February 3 asking certain questions re Stalin questionnaires, and today he gave me text:

"Great interest has been aroused throughout world by answers Generalissimo Stalin to my two questionnaires and American Government's reply to Stalin. In conviction Your Excellency would wish take advantage every possible opportunity promote lasting peace and genuine understanding between Russia and West, I am taking liberty submitting following questions. First, do you approve Secretary of State Acheson's statement that Government United States would not discuss with any nation any matter which of direct interest to other nations, without participation of representatives those other nations. Second, do you believe Great Britain and France should participate any meeting which President Truman might have with Generalissimo Stalin. Third, do you think four-power meeting chiefs state of United States, Russia, Britain, France, would serve useful purpose at this time or would such conference be premature in your opinion. Fourth, if meeting were held either between Truman, Stalin, or on four-power basis, do you believe it should be held on neutral territory. Fifth, what measures do you believe government USSR could take to convince

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<sup>1</sup> Not printed.

<sup>2</sup> Ernest Bevin was British Secretary of State for Foreign Affairs.

<sup>3</sup> Clement R. Attlee was the British Prime Minister.



Western world of sincerity Stalin's apparent desire for understanding with United States. Sixth, what other comment would you care make on Stalin's statements and American Government's reply which would help clarify world public opinion on significance this development. Most respectfully, Kingsbury Smith, European General Manager, International News Service. Address Internews, Paris."

Following is Attlee's reply which was sent by mail:

"I have received your telegram, but I regret that I must inform you that it is not the practice of His Majesty's Government to conduct their foreign relations by the methods you suggest."

As this exchange may not be published, please limit distribution.<sup>4</sup>

DOUGLAS

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<sup>4</sup> A copy of this telegram was sent to the White House.

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711.61/2-949

*Memorandum by Mr. John Patterson, Assistant Chief in Charge of the Analysis Branch, Division of Public Studies, Office of Public Affairs*<sup>1</sup>

[WASHINGTON,] February 8, 1949.

The following are the salient aspects of heavy discussion in the American press and radio during the past 9 or 10 days:

1. The strongest and widest reaction to Stalin's "peace move" in his replies to Kingsbury Smith has been deep skepticism as to the motives of the Soviet leader. Observers, noting the continuance of Moscow's obstructive and unfriendly actions in the recent past as well as over the past three years, have indicated faint hope that Stalin is ready to reach any agreement on terms that we could accept.

2. It is widely suspected that Stalin's words had two main objectives: (1), to obtain a propaganda advantage by demonstrating that Russia wants "peace" and that we do not; and (2), to weaken and divert the US and like-minded nations from pursuing such policies as the North Atlantic Pact, by raising false expectation of reaching an understanding with Russia.

3. Accordingly, a common reaction has been to assert that Russia must show "by deeds, not words" her sincerity in seeking an understanding. Observers point to the Berlin blockade, to Greece, to the ECA programs in Europe and to the CFM and UN as areas where Russia might show whether she means business.

4. Notwithstanding the foregoing, there has been manifested a

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<sup>1</sup> Transmitted on the following day by Mr. S. Shepard Jones, Chief of the Division of Public Studies to Mr. Bromley K. Smith, the Assistant Director of the Executive Secretariat, as of possible interest to the Secretary and Under Secretary of State.

strong belief that the "slight crack in the door" opened by Stalin's words should not be shut entirely. There is evident a widespread feeling that an agreement with Russia is so important that any possibility of obtaining one should be explored, no matter how faint the hope is.

5. Secretary Acheson's press conference statement was very well received and considered an effective answer to the Stalin overtures. The specific points which the Secretary made were convincing to most commentators, particularly the point that the problems at stake are not bilateral in character.

6. Nevertheless, a significant number criticized Secretary Acheson's presentation as too "chilly", "glib", "ironical", "sarcastic". Some of these critics reflected a belief that the Secretary should have indicated more clearly this Government's readiness to seize any reasonable opportunity to reach a settlement with Russia.<sup>2</sup>

7. Also, in response to President Truman's reference to Stalin coming to Washington, there is apparent considerable feeling to the effect that the President should not insist on Washington as a meeting-place, should a meeting seem desirable. People say that the matter is so important that we can well afford to go more than half-way.

8. Finally, there clearly appears to be a residuum of sentiment that this Government ought to respond more positively to "peace" gestures like the recent one, even if they may be only "phonies". It is probable that many are unable to understand what can possibly be lost by taking advantage of such gestures. It should also be noted, however, that parallel to this sentiment—and shared in common with it—is a strong feeling that the Government must not make any more "concessions" to Russia.

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<sup>2</sup> Considerable reaction in the press of the Soviet Union to criticisms in the United States of the "negation [of] direct Soviet American talks" was mentioned in telegram 315 from the Embassy in Moscow on February 9. (711.61/2-949)

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861.404/2-449

*The Chargé in the Soviet Union (Kohler) to Fëdor Terentyevich Orekhov, Chief of the United States Division of the Ministry of Foreign Affairs of the Soviet Union*<sup>1</sup>

Moscow, February 9, 1949.

MY DEAR MR. OREKHOV: I refer to my conversations with you on November 5 and December 10, 1948 and January 17, 1949,<sup>2</sup> on the subject of a Soviet entry visa for the Reverend Louis Dion, who had

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<sup>1</sup> A copy of this communication was sent to the Department of State as an enclosure to despatch No. 79 from Moscow on February 10, 1949.

<sup>2</sup> None printed.

been designated to replace the Reverend G. Antonio Laberge in Moscow.<sup>3</sup>

I have now learned that the designation of Father Dion has been withdrawn and substituted by that of the Reverend John Odillon Arthur Brassard,<sup>4</sup> who submitted an application for an entry visa to the Soviet Embassy in Washington on February 3, 1949. Father Brassard was born at Leominster, Massachusetts on June 24, 1914 and is the bearer of passport No. 5638 issued at Washington on February 3, 1949.

I have also been informed that Father Laberge, who is now in the United States and who holds a reentry visa valid until early March,<sup>5</sup> will not return to the Soviet Union if Father Brassard receives his entry visa before that time.

I have already explained to you the interest of the Ambassador and of our Government in this matter, arising from the agreement concluded by President Roosevelt and Mr. Litvinov in November 1933.<sup>6</sup> I therefore again request your kind assistance in expediting a favorable decision in this matter.

I am, my dear Mr. Orekhov,

Very sincerely yours,

Foy D. KOHLER

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<sup>3</sup> The Reverend George Antonio Laberge had been in the Soviet Union since October 26, 1945; *Foreign Relations*, 1945, vol. v, p. 1131 and footnote 10. In regard to the fruitless attempt in 1948 to secure an entry visa for the Reverend Louis Ferdinand Dion to replace Father Laberge, see the memorandum of May 14, *ibid.*, 1948, vol. iv, p. 867.

<sup>4</sup> Father Brassard was a member of the Assumptionist Order, a religious congregation called Augustinians of the Assumption, founded in 1844.

<sup>5</sup> On March 14 in telegram 154, the Department informed the Embassy in Moscow that Father Laberge had been orally notified on February 26 by the Embassy of the Soviet Union in Washington that his reentry visa had been cancelled. The Soviet representative had stated that the visa for Father Brassard would probably be decided in the "near future." (861.404/2-449)

<sup>6</sup> This agreement had been made between President Roosevelt and Maxim Maximovich Litvinov, People's Commissar for Foreign Affairs of the Soviet Union, on November 16, 1933, at the time of the recognition of the Soviet Union by the United States; *Foreign Relations*, The Soviet Union, 1933-1939, pp. 29-33.

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861.9111/2-1049: Airgram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

RESTRICTED

Moscow, February 10, 1949.

A-136. A survey of published articles since December 1 reveals that at the turn of the year the Soviet central press noticeably intensified its propaganda concerning the oncoming economic crisis in the United States. Although this theme is not a new one, the allusions to the U.S. crisis have suddenly become so numerous as to permit the inference that a concerted press campaign on this topic was ordered about January 1st. Between December 31st and January 16th, there were



only three days on which the Soviet press did not discuss growing US unemployment, falling production, crisis fears and related subjects.

[Seven brief, illustrative excerpts typical of the comments appearing in articles in Soviet newspapers are not reproduced.]

In general, this campaign has run through three stages. Hints of US economic disaster first appeared in connection with a flood of articles at the beginning of the New Year which sought to impress upon Soviet readers the happy distinction between their favored lot and the gloomy outlook of the workers of the Western capitalist states. Later, President Truman's "State of the Union" message was seized as an opportunity to dwell upon unfavorable conditions and economic prospects in the US, and the favorite device of citing statements out of context was skilfully applied to Truman's message. More recently, the press treatment has reverted to Tass reports of increasing unemployment and the fall of prices on the stock and commodity exchanges in the US during the first weeks of February.

Articles appearing in the Moscow press this past week are illustrative of the most recent phase. On February 6th, *Pravda* printed a New York Tass report of a sharp decline in stock quotations and wholesale prices which "attests to the weakness of the economic situation of the USA and to fears for the future." This was followed on February 7th by a similar Tass report of falling stock market prices; on February 8th by a  $\frac{3}{4}$  column article entitled "Worsening of the US Economic Situation", which described rising unemployment, on the basis of a recent report of the Bureau of the Census, and reduced production; on February 9th by a Tass report of a continuing decline in wholesale prices; on February 10th by a Tass report that the US was again threatened by mass unemployment; and on February 11th by a  $\frac{2}{3}$  column article entitled "The Economic Situation in the USA" which reported that business circles were alarmed at the recent price drop, believing it indicated an unstable economic position.

It would appear from the amount of attention being given to this subject that expectations of a near-future economic crisis in the USA are still a priority factor in Soviet thinking, and the slightest evidence that their dreams may be coming true are being seized upon eagerly.

KOHLER

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800.50/2-1449

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

RESTRICTED

Moscow, February 14, 1949.

No. 85

With reference to previous Embassy reports concerning the "Varga affair", the Chargé d'Affaires ad interim has the honor to transmit

herewith a translation <sup>1</sup> prepared in the Embassy of E. Varga's speech made at the meeting of the Enlarged Session of the Learned Council of the Institute of Economics of the Academy of Sciences of the USSR held October 2-5, 1948. This speech was published in the magazine *Questions of Economics* No. 9, 1948, as the concluding section of a report entitled "On the Shortcomings and Tasks of Scientific Research Work in the Field of Economics". According to the first section, appearing in *Questions of Economics* No. 8 (see Embassy's Airgram No. A-29, January 11, 1949 <sup>1</sup>) this report constitutes an "abbreviated stenographic account" of the proceedings at the meeting of the Learned Council.

In addition to the speeches of Varga and other delegates, *Questions of Economics* No. 9 prints the concluding remarks of K. V. Ostrovityanov, Director of the Institute of Economics, in which he repeated in general the themes mentioned in his opening address concerning Varga (Embassy telegram no. 2850, December 6, 1948 <sup>2</sup>) but added some pointed words of advice directed squarely at Varga himself. These reveal, perhaps more clearly than many of the previous remarks regarding Varga, the extent to which the latter has defied attacks from the Party and the press against his unorthodox views. After saying that Varga's speech had shown that he did not wish to acknowledge his mistakes honestly, as befits a Bolshevik, Ostrovityanov made the somewhat menacing statement "You should know from the history of our Party to what sad results a stubborn insistence on mistakes leads". Further in this vein, the Director said ". . . if Comrade Varga continues stubbornly to insist on his reformist mistakes, then no good can come from his further works. The necessary condition for the success of his future scientific work is the decisive, bold and honest review of his reformist positions and work on the problems of imperialism in the spirit of Marxist-Leninist methodology".

The report of Varga's speech in *Questions of Economics* No. 9 indicates that, while admitting his incorrect stand in some things, namely in regard to the existence of state capitalism in the countries of the people's democracies and in his statement that agricultural production in the periphery countries had suffered as a result of the agrarian reform, the economist refused to recant his theories concerning the importance of government planning in bourgeois states during a war period and the existence at certain times of a conflict between the interests of the state and of separate monopolies which compell the state to proceed against the latter. He questioned the possibility that a war between the imperialist states is imminent, pointing out that the economic and military supremacy of the United States, the war of the colonial peoples against the imperialists, the fear of defeat and of the

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<sup>1</sup> Not printed.

<sup>2</sup> *Foreign Relations*, 1948, vol. iv, p. 940.



possible involvement of the mighty Soviet Union in the opposition camp, all combine to slow down the forces working for an inter-imperialistic war.<sup>3</sup>

Turning to specific criticisms of his book, *Changes In The Economy Of Capitalism As A Result Of The Second World War*, Varga admitted that the very "tone" of the book was at fault, saying: ". . . on it lies the imprint of the times, since the book was written in the period of the war, when special conditions dictated a certain moderate tone. Therefore, it does not have that sharp critical tone which is demanded today". He acknowledged also that it would have been preferable to have made a joint development of economic and political problems in his work and that the use of the word "planning" with regard to the economy of capitalist countries was an "unsuccessful expression" which could lead to confusion. In standing his ground on the question of the possibility that a capitalist state in war-time can act against individual monopolies, however, the economist claimed that this was not a perversion of Marxism but a subject which "must be calmly considered within the bounds of Marxism".

Other evidences of Varga's recalcitrance are seen in his insistence that the submission of the Western European countries to the dictates of the United States is caused by economic reasons, and his statement that India's position underwent a significant change following the withdrawal of the British troops which altered its colonial status. In expressing his disagreement with his critics, Varga is reported as having said "I cannot follow the advice to recognize all criticism of my work as correct. This would signify that I deceive the Party, hypocritically saying 'I agree with the criticism' while I am not in agreement with it. . . . I honestly acknowledge much of that for which I have been criticized, but there are things which I cannot acknowledge".

As previously indicated in *Planned Economy* No. 5, 1948, L. Ya. Eventov was the only one of the Varga adherents who came forth at the October Session with a complete recantation of his previously-held views. The version of his speech as given in *Questions of Economics* No. 9, the first full account which has come to the Embassy's attention,

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<sup>3</sup> The Embassy added further illustrations of the criticism of Varga's views on some of these subjects as had been developed in an article in *Planned Economy* (No. 6, November-December 1948), the organ of the State Planning Commission of the Soviet Union (Gosplan), in despatch No. 102 from Moscow on February 18, 1949: "Varga's overall anti-Marxist tendency is seen as a constant inclination to blur the sharp distinctions between capitalism and socialism and minimise the basic cleavage between the two world systems, even to the point of asserting that the struggle between them can be halted under certain conditions and furthermore that this actually took place within the wartime anti-Nazi coalition. This in turn is found to lead Varga to the acceptance of the possibility for peaceful evolution from capitalism to socialism and of class collaboration, both within a given country and on a world scale. Such views are considered directly contrary to the Leninist thesis of the basic irreconcilability of the two systems and the inevitability of revolutionary upheaval." At this point *Planned Economy* exclaimed: "It is amazing how much all this recalls the timeworn views of the Mensheviks!" (861.50/2-1849)



reveals that, unlike Varga, he acknowledged *in toto* the correctness of all the criticisms levelled at him in the press and by the Institute of Economics. Admitting that his fundamental mistake lay in not recognizing that the struggle between the two camps of socialism and capitalism did not cease during the war, Eventov went on to blame himself for having mistakenly estimated in his works on England the role of the class struggle, the traitorous machinations of the Laborites—supporters of the anti-Soviet Churchill<sup>4</sup> line during the war—and the future economic development of England. He recognized the a-political character of his writings and said that “this sad lesson” shows to what result the ignoring of Bolshevik Partyism and ideological principles leads. Eventov finished his speech of self-condemnation by calling for close ties between research and the policy of the Party, together with a deeper study and application of Marxist-Leninist methodology, as the best guarantee of scientific production corresponding with contemporary demands.

*Questions of Economics* No. 9 also prints the Resolution adopted by the Learned Council of the Institute following the October Session. This resolution hits the reformist work of the Varga economists, naming, besides Varga, Trachtenberg, Eventov, Bokshitski, and Lan, stating that some of these authors have failed to come forward with criticisms of their mistaken line. Concerning Varga himself, the resolution confines itself to saying that his speech at the session reveals that he continues to stand on his grossly-mistaken positions and that he is committing a series of new errors.

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<sup>4</sup> Winston S. Churchill was British Prime Minister and Minister of Defence, 1940–1945.

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811.2361/2–1649 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

RESTRICTED

Moscow, February 16, 1949—2 p. m.

391. Third person note No. 9 dated February 15 received from Foreign Office reference previous notes January 30, March 4, April 9, July 7, 1948<sup>1</sup> re violations freedom commercial navigation on high seas by American planes. Note draws attention Embassy to continuing violations and stated Soviet authorities have registered only during last three months following new facts. Note then goes on to list 3 instances in October, 10 in November, 6 in December 1948 and 3 in January 1949 when American planes allegedly observed at close quarters various Soviet vessels navigating in Far Eastern waters.

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<sup>1</sup> The first three notes are not printed, but see *Foreign Relations*, 1948, vol. iv, footnote 1, p. 841. The substance of the note No. 116 of July 1 is printed *ibid.*, p. 899.

Note concludes: "Stating the above and considering that reply to note of Foreign Office No. 116, July 7, 1948 has not yet been received. Ministry upon instructions of Soviet Government again confirms statements made by it earlier re inadmissible violations freedom commercial navigation on high seas by American airplanes and expects that Government US will take necessary measures prevent repetition of similar incidents in future".<sup>2</sup>

Unless instructed otherwise, Embassy will forward full translation by pouch leaving Moscow February 20.<sup>3</sup>

KOHLER

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<sup>2</sup> In a memorandum of March 4, 1949, Mr. Robert G. Hooker, the associate chief of the Division of Eastern European Affairs, wrote to Mr. Llewellyn E. Thompson, the deputy director of the Office of European Affairs, in part as follows: "In view of the comprehensive nature of our note of May 25, 1948 which clearly stated this Government's position that our Air Force actions in those waters are not violations of the freedom of commercial shipping, it is suggested that the present note be filed without reply." Mr. Thompson approved the suggestion. (811.2361/3-449) The Embassy in the Soviet Union was informed of this decision in A-202 on August 16, 1949, not printed. (811.2361/7-149) For text of note No. 316 of May 25, 1948, from the Embassy in the Soviet Union to the Ministry of Foreign Affairs, see *Foreign Relations*, 1948, vol. iv, p. 874.

<sup>3</sup> The full text of note No. 9 was sent in despatch No. 106 from Moscow on February 18, 1949; not printed.

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361.1115/2-1849 : Airgram

*The United States Political Adviser for Germany (Murphy) to the Secretary of State*

SECRET

BERLIN, February 18, 1949.

A-126. Reference is made to my telegram No. 52<sup>1</sup> (sent to Moscow as No. 11) of January 10 reporting that a letter has been sent by General Hays<sup>2</sup> to General Yurkin<sup>3</sup> on January 7 in which it was suggested that no further action could be taken with regard to the repatriation of Soviet nationals imprisoned in the U.S. Zone until the Soviet Foreign Office would resume discussions with the U.S. Embassy in Moscow concerning the repatriation of certain U.S. citizens detained under conditions of forced labor in the Soviet Union. The following reply has now been received from General Dratvin<sup>4</sup> of the SMA:

"I noted the content of your reply to the letter of General Yurkin, Chief of the Repatriation Division of SMAG, dated 17 Nov 48, concerning the release and repatriation to the Soviet Union of Soviet

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<sup>1</sup> Not printed, but see telegram 1411 to Moscow on December 21, 1948, and footnote 1, *Foreign Relations*, 1948, vol. iv, p. 942.

<sup>2</sup> Maj. Gen. George P. Hays was Deputy United States Military Governor for Germany.

<sup>3</sup> Maj. Gen. M. G. Yurkin was Chief of the United Nations Nationals Repatriation and Tracing Division of the Soviet Military Administration (Germany).

<sup>4</sup> Lt. Gen. Mikhail Ivanovich Dratvin was Deputy Chief of the Soviet Military Administration in Germany.



citizens held in prisons in the U.S. Zone. In your reply, you make the repatriation of Soviet nation[al]s from the U.S. Zone in Germany contingent upon negotiations with respect to the repatriation of U.S. citizens who allegedly are in the U.S.S.R. I cannot agree that such presentation of the question is correct inasmuch as the repatriation of Soviet and U.S. citizens is regulated in accordance with special agreements<sup>5</sup> concluded by both countries concerned. As is known, the Soviet government has, in compliance with those agreements, repatriated all U.S. citizens within a very short period of time, and Soviet authorities in implementing the agreements on repatriation had not stipulated any preliminary conditions with a view to securing reciprocal actions on the part of the U.S. authorities.

As to those U.S. citizens, mentioned by you, who are alleged to be in the Soviet Union, I know that this question had been the subject of special correspondence between the Ministry of Foreign Affairs of the U.S.S.R. and the U.S. Embassy and that, as a result thereof, it was established that the citizens claimed by the Embassy were either not citizens of the U.S.A. or had left the Soviet Union long ago.

Hence, the question concerning the repatriation of Soviet citizens has nothing whatever to do with the requests submitted by the U.S. Embassy.

All of the aforesaid gives me the right to expect that the U.S. military authorities in Germany will take the necessary steps toward the release and the repatriation of Soviet citizens held in prisons within the U.S. Zone of occupation."

OMGUS is filing General Dratvin's reply without acknowledgment.

MURPHY

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<sup>5</sup> Agreement between the United States and the Soviet Union concerning Liberated Prisoners of War and Civilians, signed on February 11, 1945, at Yalta; for text, see *Foreign Relations*, The Conferences at Malta and Yalta, 1945, p. 985.

861.404/2-2149: Airgram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

RESTRICTED

Moscow, February 21, 1949.

A-179. The Komsomol<sup>1</sup> Magazine Young Bolshevik No. 3 for February 1949, for the second time within a month, carries an article attacking religion. (See Embassy's no. A-150, February 14, 1949.<sup>2</sup>) The author, P. Cherkashin, attempts to answer a question posed by a reader who says that he cannot understand why some contemporary bourgeois scientists defend religion and an anti-scientific outlook regarding the world.

The author begins his reply by stating that, for the majority of Soviet people, it is entirely clear that a religious-idealistic viewpoint regarding the world is false from beginning to end. A belief in the

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<sup>1</sup> The All-Union Leninist Communist Union of Youth, founded on October 29, 1918.

<sup>2</sup> Not printed.



existence of an eternal, all-powerful creator is the deepest kind of confusion and deception. All religious fables concerning the creation of the world and of man by God, regarding heaven, the effectiveness of prayer and the immortality of the soul not only have nothing in common with science but are directly contradictory to it. "Religion and science are irreconcilable antagonists." According to Cherkashin, the entire history of the development of science is the history of the struggle against the belief in God, the fight with all kinds of prejudices and superstition. After mentioning scornfully the British scientists Jeans and Whitaker for their attempts to reconcile science and religion, the author passes to an attack of American scientists, who are said to be especially frank and open in their warfare against materialism and their defense of the populist, anti-scientific viewpoint.

First and most important of the reasons for the defense of religion by the bourgeois scientists is said to be the class interest of the exploiters. The author explains that, in accordance with the teaching of Marxism, the bourgeois scientists in general are the serfs of the capitalists. They are forced to work in the interest of the latter as hired servants and lackeys. Thus, the scientists are called upon to uphold religion, which is used by the ruling class as a means of enforcing its domination. As confirmation of his contention that science in the countries of capitalism is not free and does not serve the interests of progress, the author cites the alleged concentration of the American scientists on military projects. In this connection, the appointment of Gen. Eisenhower<sup>3</sup> as rector of a university is mentioned sarcastically, with the comment that there is no need to talk of the kind of "pure" science which the General will develop.

As other reasons for the support of the religious viewpoint by the "bourgeois" scientists, the author mentions the fact that under conditions of capitalism it is of course difficult to rise to the level of understanding scientific materialism. Also noted is Lenin's statement that religion is always used to explain scientific questions which are as yet unsolved. The inability of science to create artificially a living cell from dead atoms is quoted as an example of the type of problem which is used by the defenders of religion as a means for the propagation of fantastic tales concerning the heavenly origin of life.

The author concludes that there can be only one answer to the question put by the reader: Notwithstanding the fact that, under conditions of capitalism, life itself generates a religious-idealistic outlook concerning the world, the active support of popery by some bourgeois scientists is occasioned in the main by the class interests of the *bourgeoisie* and is conducted with the direct aim of defending the bourgeois yoke.

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<sup>3</sup> Gen. Dwight D. Eisenhower, who had been Chief of Staff of the United States Army (1945-1948), became President of Columbia University (1948-1952).

This article, aimed at the Komsomol reader, is another example of the current line of the Communist party regarding religion, which calls for a campaign of "scientific enlightenment" to overcome survivals of religion in the consciousness of the Soviet people.

KOHLER

861.4038/2-2449: Airgram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

RESTRICTED

Moscow, February 24, 1949.

A-185. The latest installment in the continuous effort to enforce ideological conformity on Soviet musicians appeared in an editorial in the newspaper *Soviet Art* of February 12, which marked the first anniversary of the publication on February 10, 1948 of the Decree of the Central Committee of the Party<sup>1</sup> "Concerning the Opera 'Great Friendship' by V. Muradelli".<sup>2</sup>

This editorial reviews the works of Soviet composers during the past year and recognizes that a certain measure of success has been achieved in the attempt to meet the demands made by the Party's Decree. However, the editorial continues, it would be deeply misleading to say that the tasks posed by the Party for the composers have been fulfilled. Of all the problems of Soviet musical art which await solution, the editorial characterizes as the most important the creation of a truly popular, contemporary Soviet opera. This is said to be an affair of honor of the Soviet composers ". . . to satisfy within the shortest time the expectations of the Soviet people and to create an opera worthy of the Stalinist epoch".

It appears that the striving of certain Soviet composers for "soothing" themes still exists, while a creative timidity which fences off the masters of Soviet art from the main themes of Soviet reality has not yet disappeared. As an example of the relapses into formalism which still appear in Soviet music, the editorial attacks Prokofieff's<sup>3</sup> latest opera "Story of a Real Man". The editorial deplores the fact that one of the finest productions of Soviet literature was employed by Prokofieff as merely another opportunity for his usual formalistic experimentation, a vehicle for naturalistic exercises which perverted the content of the famous book. . . .

In accordance with the style which has now become routine in any comment appearing in the Soviet press concerning the arts, the *Soviet Art* editorial mentioned in terms of praise the *Pravda* editorial "Con-

<sup>1</sup> In regard to the music decree of February 10, 1948, see telegram 269, February 11, from Moscow, *Foreign Relations*, 1948, vol. iv, p. 808.

<sup>2</sup> Vano Muradeli was a Georgian musical composer and playwright.

<sup>3</sup> Sergey Sergeyevich Prokofyev was a Russian pianist and prolific musical composer. The novel, *The Story of a Real Man*, was written by Boris Nikolaevich Polevoy in 1946.



cerning a Group of Anti-Patriotic Theatrical Critics" and noted that this should serve as a good instructive example to Soviet musical society of a Partyist struggle with all evidences of cosmopolitanism and anti-popular activity in the field of art theory and criticism.<sup>4</sup>

In addition to hitting the composers, *Soviet Art* dragged in the musical critics, who were censored [*censured*] for failing to participate effectively in the struggle for the fulfillment of the Party's Decree.

KOHLER

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<sup>4</sup> The Department of State maintained a steady interest in the campaigns of Soviet authorities "to enforce ideological orthodoxy on Soviet art and literature" and the Embassy in the Soviet Union from time to time sent reports to it of outstanding criticisms and incidents. In airgram A-184 from Moscow, also on February 24, not printed (861. 4061/2-2449), the Embassy commented upon some of the "bitterest language yet to be employed" against intellectuals who had "succumbed to the bewitching influence of foreign art". In the Soviet film industry the "anti-patriotic virus" had infected a group of workers and critics who attempted "to force the Soviet cinema to imitate Hollywood." During recent weeks the "drive to eliminate 'intellectual disorientation' among the Soviet intelligentsia" reached a higher "level of vilification" than in previous campaigns which had been touched off since the decree of August 14, 1946. (Concerning this decree, see *Foreign Relations*, 1946, vol. VI, pp. 774-776.) Again in airgram A-249 from Moscow on March 11, 1949, not printed, the Embassy advised that the opposition to western influences had even "extended to ballroom dancing," with its rumbas and fox trots, whereas the attractive patterns and the expressive melodies of native dances "have been forgotten . . . and the initiative to revive them has not been widely disseminated." One writer had warned against and had described "in detail the 'emotions' aroused by the 'swinging of the hips in the polonaise'." (861.4062/3-1149)

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811.42700 (R)/2-2449 : Airgram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

RESTRICTED

Moscow, February 24, 1949.

A-195. For OII. The memorandum of February 2,<sup>1</sup> from Mr. Reinhardt<sup>2</sup> of EE to Mr. Lehrbas<sup>3</sup> of OII, on spreading heresies among Soviet intellectuals, raises very important issues on which the Embassy wishes to offer the following comment.

The Soviet "intelligentsia", though by no means the sole group deserving attention in planning VOA programs, are probably a more important target than the workers and peasants because they occupy more influential positions, own a disproportionate number of radios and, being better educated, are more responsive to the spoken word. Also they doubtless feel the spiritual bondage of Soviet life more keenly, and even in the case of persons who never speak of this or perhaps admit it clearly to themselves, they presumably suffer with boredom or mental numbness from the monotony of official propa-

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<sup>1</sup> Not printed.

<sup>2</sup> G. Frederick Reinhardt was Chief of the Division of Eastern European Affairs.

<sup>3</sup> Lloyd C. Lehrbas was Director of the Office of International Information.



ganda, and with frustration from being unable to express themselves sincerely and spontaneously. This state of mind should be admirably suited for seduction with forbidden fruit which is made all the more appetizing by the fact that the Soviet press talks a great deal about condemned heresies but seldom gives concrete examples, thus whetting curiosity. An Embassy contact recently said she had been very much interested in some music she had heard on VOA because she had long wondered what "formalist" music really was.

For the foregoing reasons the Embassy believes that VOA should tempt its Soviet listeners with selected heresies not only in science, but also in art, literature, philosophy and possibly religion—though the latter would be more difficult to handle. The presentation in each case should seek to make sin attractive by not labelling it too obviously as sin, thereby arousing fear or bad conscience, but at the same time connecting it with Soviet taboos obviously enough to enable the listener to satisfy his curiosity and his thirst for novelty. Those forms of heresy most likely to be congenial to Russian taste should be used. On the other hand, it is important to avoid forms which would be uncongenial or even offensive to Russian taste; for example, it is believed that the extreme forms of atonal and non-melodic music have little appeal here. In each case, great care should be taken to present the reasons which lead sensible people to believe or adopt a particular heresy. Soviet people are accustomed to a diet of assertion and vituperation, with little reasoning or inquisitive weighing of evidence; so any sample of really good thinking should come as a breath of fresh air. Also the explanation of, for example, modern scientific theories in popular terms should have great appeal because the Soviet press never seems to go into such matters. For example even on a relatively non-theoretical topic like soil erosion, so intensively publicized of late, the Embassy noted no explanation of how erosion actually takes place or specifically how it is cured.

Presentation of heresies should particularly avoid polarizing the contrast between heresy and orthodoxy as a clash between Russian and other cultures or peoples, thus sounding a hostile note in Soviet ears and defeating our purpose. Every effort should rather be made to tempt the Soviet listener to identify *himself* with heresy, and some third person or group (such as Party leadership) with orthodoxy. One device that might be helpful in this would be to mention with esteem the work of one or more Russians in the field under discussion, especially if their names have not yet been conspicuously attacked by Soviet heresy-hunters, and still better if, like Herzen<sup>4</sup> and others, they have been generally canonized.

KOHLER

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<sup>4</sup> Alexander Ivanovich Herzen (Gertsen) was a nineteenth century publicist and socialist critic living much of his life abroad, where he published *The Bell*, the first Russian *émigré* journal.

861.4016/3-249 : Airgram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

CONFIDENTIAL

Moscow, March 2, 1949.

A-219. Reference Embassy's telegram No. 458, February 24, 1949 and Embassy's Secret despatch No. 25, January 11, 1949.<sup>1</sup> Subject is repatriation of American-Armenians to Soviet Armenia and occasion is arrival U.S.S.R. of 162, a complete surprise to the Embassy which had no knowledge of continuing Soviet efforts in U.S. in this direction (see reference despatch).

Embassy believes special position of government in knowing conditions within Soviet Union and realities present day Soviet life places special responsibilities on it toward citizens considering repatriation to U.S.S.R. Embassy feels government should not allow American-Armenians to leave for Soviet Armenia in ignorance of what they will find there and in ignorance of impossibility of returning to U.S. in event they do not like what they find. Tragic consequences such ignorance, vividly illustrated by Embassy's experience with Americans settling in Soviet Union during U.S. depression, already apparent to group American-Armenians repatriated in November 1947. Arrival new group indicates it would not be safe to assume activity this respect terminated.

Above considerations lead Embassy to urge Department make available to U.S. public, and in particular to Americans of Armenian origin, information concerning conditions in Soviet Armenia and feelings 1947 group of repatriates.<sup>2</sup> Embassy believes this can be done without indicating Department as source if it appears such identification would be undesirable. See Embassy despatch under reference.

In addition Embassy recommends Department consider advisability of issuing official warning, similar to that Embassy understands Canadian Government gave Canadian-Yugoslavs considering repatriation to Yugoslavia, including information concerning acquisition of Soviet citizenship by Armenian repatriates (Embassy's A-1027, October 15, 1948<sup>3</sup>) and U.S. experience concerning inability of Soviet citizens to renounce their citizenship or to depart from U.S.S.R. regardless of possible claim to American citizenship. Statement could avoid implication of U.S. approval of, or acquiescence to, Soviet emigration con-

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<sup>1</sup> Neither printed. Telegram 458 reported that the newspaper *Izvestiya* had carried a Tass despatch on February 24 which announced the arrival of 162 American-Armenian repatriates in Batum.

<sup>2</sup> The Embassy had informed the Department at times during 1948 of the unhappy circumstances in which earlier American-Armenian repatriates had found themselves. Most would have liked to return to the United States; and some declared that others like them should be warned not to come.

<sup>3</sup> Not printed.



trol policy by citing efforts made through direct representations and U.N. action.

Embassy would appreciate being informed of Department's views on recommendations contained in this airgram, of any action that the Department may have deemed it advisable to take in connection with the recommendations contained in the Embassy's despatch under reference, and of any evidence repatriation program will continue.

KOHLER

861.00/3-449

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

[Extracts <sup>1</sup>]

CONFIDENTIAL

Moscow, March 4, 1949.

No. 129

The one development on the Soviet scene which bulked larger than any other during the month of February was the screaming crescendo attained in the stream of abuse and vilification directed at those members of the Soviet intelligentsia who had permitted themselves, at any time during the past 12 years, to stray so far from the rocky path of Communist orthodoxy as to criticize the concept of "Soviet realism" and to venture the suggestion that some good might be found in Western culture. This campaign, aimed primarily at the drama, literary and art criticisms, represented a culminating point in the drive for ideological conformity in the arts touched off by the August 1946 Decree of the Central Committee of the Communist Party denouncing certain Leningrad writers <sup>2</sup> and seemed to be intended to crush with utter finality any ideas concerning the feasibility of cultural cooperation with the West which may have been entertained by some circles of the much-bedeviled Soviet intelligentsia.

The most sensational event of the month for the foreign colony and, it may be assumed, for many Soviet citizens as well, was the publication in Russian of a book entitled *The Truth About American Diplomats* by Annabelle Bucar. Miss Bucar, who is regarded as an American citizen in the absence of any positive information from the Soviet Ministry of Foreign Affairs that she has expatriated herself by applying for Soviet citizenship, resigned from her position as an Administrative Assistant in the USIS office of the Em-

<sup>1</sup> The extracts are from the Embassy's despatch No. 129 from Moscow on March 4, 1949, a monthly résumé entitled "Report on Internal Political and Social Developments in the Soviet Union for February 1949".

<sup>2</sup> See *Foreign Relations*, 1946, vol. VI, pp. 774-776.



bassy in February 1948.<sup>3</sup> At that time, she stated in a letter to the Ambassador that she had acquired a "real understanding of the country [the USSR] and its fine people who are doing their utmost toward making the world a better place to live in". Since Miss Bucar felt that the policy of the Embassy was directed against these people, she considered that further work in the Embassy was incompatible with her views and she said that she therefore had decided to remain in the Soviet Union. Almost as an afterthought, she admitted that her decision had also been influenced by the fact that she had found her personal happiness in the land of the Soviets by falling in love with a Russian.

While vague rumors continued to reach the Embassy regarding her whereabouts and activities, nothing definite concerning Miss Bucar was heard during the months following her precipitate departure. Although in March and again in December 1948 notes were addressed to the Foreign Office requesting its good offices in obtaining the return of Miss Bucar's Special Passport and identification card, the Embassy felt that it would be unwise to accord undue attention or publicity to the case, inasmuch as her action was thought to serve as an instructive illustration of the privilege every American citizen enjoys to disagree publicly with his own Government and to elect to reside anywhere. With the appearance of her book in the Moscow bookshops on February 20, however, the spotlight of publicity was turned on her case with blinding intensity.

The book itself purports to reveal the "truth" about the intelligence activities of the Embassy and viciously attacks those members of the Foreign Service whom she describes as forming an "anti-Soviet clique" holding responsible positions in the Department and in the Moscow Embassy. The book is obvious Soviet propaganda. It is quite clear that the main sections were written or at least the content provided by someone other than Miss Bucar, since she was never in a position in the Embassy to know either the personalities or the general policy matters so freely discussed. While she mentions the birth of her son, it is of interest to note that the reasons given in the book for

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<sup>3</sup> Miss Annabelle Irene Bucar had been employed in the Cultural Information Section of the Embassy in Moscow. She was believed to have fallen in love with an operetta singer named Konstantin Lapschin. Her book was published in Moscow by the Literaturnaya Gazeta. There was also a Hungarian edition; and the Tass News Agency of the USSR in India brought out an edition in New Delhi. Ambassador Walter Bedell Smith's comments on these events are in his book *My Three Years in Moscow* (Philadelphia and New York, J. B. Lippincott Co., 1950), pp. 186-187. He did not believe that she had been capable of writing the entire book herself. The Embassy stated in airgram A-484 from Moscow on April 25, not printed, that the *Moscow Bolshevik* for April 14 had declared that her book "unmasks the character of the American diplomats, their bestial hatred for the USSR and their criminal espionage activity on the territory of our country". (861.00/4-2549)

her decision to remain in the Soviet Union are wholly political and make no reference to the love element featured in her original letter of resignation.

Appearing at first in a limited edition of 10,000 copies, the book sold briskly and it was almost impossible for Embassy representatives to obtain copies. A subsequent issue of 100,000 has not appreciably relieved the situation. The great propaganda campaign foreshadowed by the publication of the book got under way with long reviews of Miss Bucar's "true confessions" appearing in *Pravda* and most other Moscow papers with the notable exception of the Soviet Government organ, *Izvestia*. The story was also reported extensively on the radio. It was obvious that the average Soviet citizen, so starved for color and spice in his drab daily life, was finding *The Truth About American Diplomats* of exceptional interest, although it was difficult to learn the reaction of the public to the charges contained therein. In any event, it seemed a foregone conclusion that the life of Embassy staff members in Moscow, already circumscribed and harassed by Soviet security regulations, would become even more difficult as a result of the sensational falsifications propagated by Miss Bucar.

The supposition that the publication of the book was timed to detract attention from the Kravchenko trial in Paris<sup>4</sup> was finally confirmed in a unique way in a Foreign Office reply to the Embassy's renewed inquiries concerning Miss Bucar's Special Passport and her citizenship status under Soviet law. Brushing aside the Embassy's legitimate requests with the assertion that it saw no basis for interfering in the relationship between the Embassy and its former employee, the Ministry went on to say "It would be better if the Embassy would think of the felonious criminal-deserter Kravchenko and his use of various passports received in the USA". In its answer, the Embassy, after stating that it could not regard the Ministry's note as a serious response, repeated its request for information concerning Miss Bucar's status and concluded with the observation "With respect to the advice to the Embassy contained in the Ministry's note, the Embassy will continue to be guided in the conduct of its affairs by the instructions it receives from its own Government".

[Not signed]

<sup>4</sup> Viktor Andreyevich Kravchenko had brought a libel suit in Paris against the weekly communist publication *Les Lettres Françaises* for 7 million francs which attracted considerable public curiosity (January 24-April 4, 1949). The trial verdict awarded him a nominal sum. See the *New York Times*, Index 1949, s. v., Kravchenko, Victor, p. 567, and Libel, p. 594; and his own book *I Chose Justice* (New York, Scribner, 1950). For documentation on the attempts by the Soviet Government to obtain his deportation from the United States after his defection in 1944, see *Foreign Relations*, 1944, vol. iv, pp. 1224-1241, and 1945, vol. v, pp. 1131-1138.



861.002/3-549 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

CONFIDENTIAL

Moscow, March 5, 1949—noon.

568. Following are our preliminary observations on relief Molotov as Foreign Minister and Mikoyan as Minister Foreign Trade:<sup>1</sup>

1. These changes do not indicate that either has fallen into disfavor or that there is any change in their position in the party and governmental hierarchy. Comparisons with Litvinov's dismissal in 1939<sup>2</sup> are invalid, as is interpretation apparently given initially by British press to effect "Molotov sacked". Latter apparently arises from taking literally standard Soviet military-like language used in connection any governmental changes.

2. We have long expected that Stalin would eventually retire as chairman Council Ministers and Molotov would return to that position which he held from 1930-41, and we see no immediate reason to change this estimate, though we have no idea as to when. In this connection noteworthy that in feature length documentary "Lenin" recently circulating throughout Soviet Union, Molotov obviously built up as second only to Stalin in history party.

3. If our estimate Soviet intentions re East Europe satellites correct (and this seems supported in economic field by text CMEA agreement reported in Bucharest's 144 to Department February 24, repeated Moscow 14<sup>3</sup>), our best present guess would be Mikoyan probably relieved in order head up this organization.

4. However, even if these new jobs should not materialize, both Molotov and Mikoyan still have plenty to do as Deputy Chairmen Council Ministers, members Politburo, etc. In fact they may well remain as policy makers for departments they are quitting, both now headed by persons who do not have real policy making rank and

<sup>1</sup> The radio and press of the Soviet Union announced on March 4 and 5 that the Presidium of the Supreme Council of the U.S.S.R. had relieved Vyacheslav Mikhailovich Molotov and Anastas Ivanovich Mikoyan of their ministerial duties. The Embassy sent a translation of the formal announcement of the changes as carried in the press in its telegram 567 from Moscow on March 5, 1949, not printed. (861.002/3-549) Molotov was succeeded by Andrey Yanuaryevich Vyshinsky, until then First Deputy Minister for Foreign Affairs, and Mikoyan was replaced by Mikhail Alexeyevich Menshikov, hitherto First Deputy Minister for Foreign Trade. Both Molotov and Mikoyan were members of the Politburo of the Central Committee of the Communist Party and where Deputy Chairmen of the Council of Ministers, which positions they retained.

<sup>2</sup> Molotov, who was Chairman of the Council of People's Commissars at that time, on May 3, 1939, replaced Maxim Maximovich Litvinov as People's Commissar for Foreign Affairs; see *Foreign Relations, The Soviet Union, 1933-1939*, pp. 757-761.

<sup>3</sup> In regard to this document, see *Current Economic Developments*, No. 188, February 7, 1949, footnote 2, p. 4.



authority. This parallels other moves since end war, which have relieved practically every full member Politburo of active ministerial duties (e.g. Beria from MVD and MGB,<sup>4</sup> Kaganovich from Ministry Heavy Industries, etc.<sup>5</sup>), resulting in Politburo's becoming super policy making body relieved operational duties and superior to ministerial incumbents.

5. While we do not believe changes involve any fundamental shift Soviet Foreign Policy, we think timing may have been influenced by desire evoke misinterpretations and sow confusion in West in anticipated [*anticipation*] contemplated foreign policy moves next month or so, connected particularly with forthcoming meeting UNGA.<sup>6</sup> We have for some time been studying possibilities this line and expect report our conclusions at greater length in subsequent messages. Briefly however, we are inclined believe world is about to face a Kremlin-made "spring war scare" of unprecedented proportions, designed to defeat or diminish scope of Atlantic Pact and perhaps set stage for ostensibly broad and concrete Stalin peace offer which Western world would find difficult to reject. This campaign is already in course in form Moscow propaganda supplemented by worldwide efforts stooges and fellow-travellers calculated identify Atlantic Pact with imminent third world war. It will probably be given added weight by military dispositions and planted military intelligence calculated to alarm Western governments. Campaign might be drawn to crescendo by all-out effort Vyshinski, as Foreign Minister and head Soviet delegation UNGA, secure resolution condemning regional military pacts. This would be propaganda effort closely coordinated with concrete peace offer, designed to support it and to bring pressure through the UN on US toward acceptance of "reasonable" tempting offer.<sup>7</sup>

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<sup>4</sup> Lavrenty Pavlovich Beriia relinquished his duties as People's Commissar for Internal Affairs in January 1946, but as a Deputy Chairman of the Council of Ministers in charge of security it was generally agreed that he subsequently exercised influential control in both this ministry as well as in the Ministry of State Security (MGB). Beriia was also a full member of the Politburo.

<sup>5</sup> Lazar Moiseyevich Kaganovich had given up direct control of the People's Commissariat of Heavy Industries in April 1938. He was, however, the director of many other associated commissariats and ministries afterwards. He was a full member of the Politburo of the Communist Party from 1930 and a Deputy Chairman of the Council of Ministers of the Soviet Union.

<sup>6</sup> The second part of the Third Regular Session of the United Nations General Assembly was held at Lake Success and Flushing Meadow, New York, April 5-May 18, 1949.

<sup>7</sup> For documentation on the United Nations General Assembly's consideration of methods for the promotion of international cooperation in the political field which resulted in the "Essentials for Peace" resolution, see vol. II, pp. 72 ff.

6. In summary, our estimate is "no significant change".<sup>8</sup>  
Sent Department, repeated Paris 72, London 60.

KOHLER

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<sup>8</sup> A memorandum of March 4, not printed, apparently drafted by Llewellyn E. Thompson, Deputy Director of the Office of European Affairs, initialed by John D. Hickerson, Director of that Office, and sent to the Secretary of State, the Under Secretary of State James E. Webb, the Assistant Secretary of State for United Nations Affairs Dean Rusk, and to George F. Kennan, Director of the Policy Planning Staff, commented on the replacement of Molotov and Mikoyan in terms closely similar to those expressed by Chargé Kohler in this telegram. The memorandum remarked that no indication was provided by this change of personnel "of the future course of Soviet policy." Vyshinsky was "a master of invective" and a technician, but he did not hold "any position of power within the Soviet political hierarchy", whereas Menshikov was "considered to be a man of very mediocre ability." While it could be assumed that "basic Soviet objectives will remain unchanged", it was also "quite possible that no important change in policy" would occur. This was in part likely because "the work of the Foreign Office and that of the Ministry of Foreign Trade have declined in importance with the tendency of the Soviet Government to carry forward its foreign policies through propaganda and the Cominform (the Communist Information Bureau, founded in 1947; see *Foreign Relations*, 1947, vol. iv, pp. 594-616, *passim*) and as a result of the decline in trade relationships with the West." (S61.00/3-449)

Both the Department of State and the Embassy in the Soviet Union derived satisfaction from the receipt of comments from several other sources, particularly from the British and the French, whose views coincided essentially with the preliminary observations expressed in the telegram 568 from Moscow and in this memorandum. (These reports are chiefly filed under S61.002.)

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811.42700 (R)/1-349: Airgram

*The Secretary of State to the Embassy in the Soviet Union*

CONFIDENTIAL

WASHINGTON, March 5, 1949.

A-51. Embassy's A-1105, Nov 1, 1948<sup>1</sup> and A-1, Jan 3, 1949,<sup>2</sup> recommended specific refutation by VOA Russian broadcasts of demonstrably false Soviet propaganda statements regarding US.

Department cannot concur in Embassy proposal that refutations be issued in form of answers to falsehood, with direct reference to charge, source, date, etc. This device not only gives additional currency and prominence to falsehood, but would play into hands of Soviet propagandists, whose objectives in misrepresenting conditions in US are not only to twist truth but also to lure US media into devoting large portion of their time and space to defensive refutations. This would in essence give the Soviets a major control over our output merely by increasing the number and extending scope of charges. These considerations are valid for output generally, but particularly for Soviets, since VOA and *Amerika* are our only means of presenting the US story.

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<sup>1</sup> Not printed, but see telegram 1366 from Moscow on July 20 and telegram 2547 from Moscow on November 4, *Foreign Relations*, 1948, vol. iv, pp. 902 and 930.

<sup>2</sup> Not printed.



However, Department concurs in desirability of disseminating with least possible delay in each instance material selected specifically to correct distortions, misrepresentations, etc., in Soviet and other propaganda, and media have attempted to do this. Pursuant to your recommendation, Department is starting more systematic countering of falsities and adverse propaganda by finding peg for facts highlighting error and by collecting items of misrepresentation, ascertaining their underlying pattern, and periodically refuting the types of false information by brief programs over VOA or appropriate material in *Amerika*, or both, choice depending upon suitability of material to media. No mention will be made of any specific Soviet statements or sources, or even that a certain topic has been receiving treatment in Soviet informational organs.

It is believed Soviet misrepresentations result from deliberate policy and follow a carefully devised pattern. Procedure indicated above is considered most effective means of refutation and of discrediting in general the veracity of all information furnished by the Soviet Government to its people. Material will be issued under some such label as "Setting the Record Straight" or "The *truth* about America", but with no more explicit indication of its design to counter propaganda.

Embassy's cooperation will be appreciated in reporting promptly any erroneous statements in Soviet media.

ACHESON

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861.51/3-1149 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

Moscow, March 11, 1949.

621. Soviet press March 11 published Finance Minister Zverev's<sup>1</sup> report on USSR 1949 budget. Principal categories revenues and expenditures planned 1949 with comparison actual 1948 figures follow in billions rubles.<sup>2</sup>

Revenues from turnover tax 261.8 vs 247.4; direct taxes on population 36.4 vs 33.2; state loans 22.9 vs 23.9; profits tax 33.9 vs 26.5. (90 billion residual will clarify itself later date.)

Profits of state enterprises and organizations will total 69.6 in 1949 compared 39.3 [in] 1948, of this 41.4 from Industry vs 22.7, from Agriculture 1.6 vs 1.2; Transport and Communications 12.4 vs 3.8; Trade and Procurement 6.7 vs 5.3; other 7.3 vs 6.1.

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<sup>1</sup> Arseny Grigoryevich Zveryev was Minister of Finance of the Soviet Union, having resumed the position from Alexey Nikolayevich Kosygin in December 1948. His budget report was presented to the Supreme Council of the Soviet Union on the evening of March 10.

<sup>2</sup> For a comparable report on the 1948 budget, see telegram 195 from Moscow on February 3, *Foreign Relations*, 1948, vol. IV, p. 802.



Expenditures: On national economy 152.5 (36.7 percent) vs 147.5, Social and Cultural 119.2 vs 105.6, Armed Forces 79 (19 percent) vs 66.3, Govt Administration 13.7 vs 13.1.

No detailed breakdown 1949 expenditures national economy.<sup>3</sup> Agriculture given as 32.7 vs 20.5. Breakdown Social and Cultural; Education 60.8, Health 21.6, Social Insurance 16.6 vs 14.4, Mothers' allowances 3.4, Social Security 21.4.

37.4 from internal profits enterprises brings total expenditures national economy to 189.9 billion, 27 billion over 1948. 1949 capital investment allocation from budget 79.8 vs 57.2 plus 25.7 vs 9 from internal resources enterprises.

Total working capital in national economy will be 23.6 vs 17.1, 10.1 from budget and 13.5 from internal revenues enterprises. Total member Republics budgets 92.4 vs 85.4.

Department pass Defense.

KOHLER

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<sup>3</sup> In a preliminary and tentative assessment of the budget report in telegram 633 from Moscow on March 11, not printed, the Embassy observed that the "major categories [of] budgetary expenditure reflect little alteration [of] past year's pattern" and that failure to "provide usual breakdown financing of national economy serves purpose further mask allocations and complicate early analysis." The speeches by Zveryev and others served to emphasize that "wasteful expenditures, duplication, equipment hoarding, excessive inventories, irrational dispersal resources, excessive staffs, and bureaucratic administrative expenditures" were prime targets for sharp attacks. (861.5151/3-1149) In a later appraisal in telegram 680 from Moscow on March 17, not printed, the Embassy was still uncertain and speculative in its judgments. (861.51/3-1749)

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361.1115/3-1149: Airgram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, March 11, 1949.

A-251. Reference Berlin's A-126, February 12 [18], 1949, to Department, tenor of Dratvin letter suggests possible Soviet intention to publish for propaganda effect. In view disregard and distortion of fact contained in Soviet letter, Embassy believes that for the record and for possible propaganda purposes, it would be advisable to reply.

Such reply, after noting that Dratvin's letter is entirely at variance with the facts, should emphasize that all Soviet citizens in the American zone who did not themselves refuse repatriation have been repatriated, and any who in the future express a desire for repatriation will be repatriated in compliance with the agreement between the U.S. and Soviet governments in this matter, with the exception of persons serving sentences for criminal offenses of which they have been duly and legally convicted. Specific exception of such persons by repatriation agreement might then be cited.

With reference to U.S. citizens in U.S.S.R. letter might include following:

"As your government has been repeatedly informed by the American Embassy in Moscow, it has in no way been established, as you claim, that the persons in question under detention in the U.S.S.R. are not American citizens. In most of these cases your government merely has alleged that these persons are citizens of a third state, and in addition that they are of German racial origin.

In these cases, as your government is aware, any additional citizenship allegedly acquired in no way involved the loss of American citizenship under American law. Furthermore, in several cases, competent officials of the third government concerned have stated that these persons do not possess the alleged citizenship. As your government should also be aware, the citizenship of these persons is not affected by their racial origin. The Soviet Ministry of Foreign Affairs has never made adequate response to the American Embassy's representations in this matter.<sup>1</sup>

The United States Government will continue to fulfill its obligations under the repatriation agreement, but I repeat that it is not disposed to discuss the continued release of Soviet citizens under criminal sentence in view of the continued detention of its own citizens, who, so far as can be determined, have been neither formally accused nor legally convicted of any crime, by a government which has never itself bothered to justify their arrest."

Such a reply would leave open the question of further negotiations and serve notice of the seriousness of United States intentions in this matter. If Soviet Government is already determined not to release U.S. citizens in question it can do no further harm, and if Soviet Government intends to propagandize the situation, our reply should expose arbitrary and illegal nature of Soviet position, and could be supported by press release material in Embassy's despatch No. 856 of December 21, 1948.<sup>2</sup>

KOHLER

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<sup>1</sup> On the following day in airgram A-252 the Embassy made this further statement: "In conclusion Embassy notes that approximately one year has passed since Ambassador Smith approached Mr. Vyshinski re problem here under consideration. During this period not one citizen mentioned in the Ambassador's letters has received permission depart U.S.S.R. . . . the Foreign Ministry has not even acknowledged Embassy notes disputing Soviet assertions concerning acquisition of citizenship of USSR on grounds which appear both illogical and arbitrary. In view this record and recent controversy re Soviet Repatriation Mission Embassy sees no possibility foreseeable future any change Soviet policy and must, for all practical purposes, confess complete lack real effectiveness this area its responsibilities." (361.1115/3-1249) The Repatriation Mission of the Soviet Union within the American zone of Germany had had its accreditation withdrawn and its activities terminated by March 1, 1949.

<sup>2</sup> A lengthy despatch, not printed, which treated the propaganda aspects of the proposed exchange of prisoners between the United States and the Soviet Union.



861.50/3-1549 : Airgram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

CONFIDENTIAL

Moscow, March 15, 1949.

A-267. Reference is made to the Embassy's despatches no. 21 of January 10, no. 85 of February 14 and no. 102 of February 18, 1949<sup>1</sup> concerning developments in regard to the Varga "affair". The publication of an abbreviated transcript of Varga's remarks at the October 1948 meeting of the Institute of Economics, the criticism directed at him by K. V. Ostrovityanov, the Director of the Institute and the article entitled "Perversions of Marxism-Leninism in the Works of the Academician Varga", which was published in the journal *Planned Economy* No. 6 have led the Embassy to modify its original estimate of the probable outcome of the dispute now going on in the Soviet economic circles. They have not, however, led to any revision of the Embassy's estimate of the importance of this dispute as a reflection of fundamental uncertainties assailing planners in the Kremlin.

In the Embassy's original estimate of the significance of the recrudescence of the Varga dispute reported to the Department in Embtel 2850 December 6, 1948,<sup>2</sup> it was stated:

"Ultimate fate of Varga group may therefore well serve as weather-cock of party attitudes toward western world and be dependent on party decision whether theoretical restatement of party line toward postwar capitalism is not called for perhaps by higher authority than Varga. Under this interpretation, it is possible that Varga may eventually re-emerge as the hero of Soviet economic theory after the smoke of battle has been blown away by a Politburo decision and official public shift of party line."

In the light of the fuller knowledge now available of what Varga said in October 1948 and of the criticism directed against him, the Embassy is now inclined to the conclusion that Varga and his group, should they persist in their present line, will definitely not re-emerge as the leading economic theorists of the Party and that it is unlikely that on the great majority of the points for which Varga is being criticized, there will be any revision of the Party line. The deviations from Marxism-Leninism of which Varga now stands condemned are so numerous and so far transcend in importance Varga's views on the timing of the "inevitable" postwar capitalist crisis and the possibilities of the stabilization of the capitalist system that they would necessitate an impossibly complete revision of the Party line, however correct his prognostications on the latter may turn out. His heresies on the role of the state vs. the monopolies in the capitalistic countries, on assigning the economic factor as the principal reason for the submis-

<sup>1</sup> Not printed, but see despatch No. 85, February 14, footnote 3, p. 572.

<sup>2</sup> *Foreign Relations*, 1948, vol. iv, p. 940.



sion of the Marshall Plan countries to the dictates of the United States, on the unlikelihood of a future war between the imperialistic countries and on postwar changes in the status of certain former colonial areas strike too deeply at the roots of Communist theory and dogma.

It is of course possible that with the recovery of western Europe aided by the European Recovery Plan and growing economic and political stabilization in other parts of the world, the Kremlin will publicly admit the temporary stabilization of the capitalist world and in accordance with Stalin's doctrine that the revolutionary movement alternates between ebb and flow announce the dawn of a period of "equilibrium of forces" and consequentially of a period of the "peaceful co-existence" of the two worlds. Varga's ideas and observations may well influence the Kremlin in reaching such a decision. But unless Varga and his colleagues recant and confess their errors on the other major points of which they have been accused of serious deviations from Marxism-Leninism, that decision will have to be voiced by other spokesmen.

Nevertheless the continued public airing of this dispute (it is now almost two years since the May 1947 meeting at which Varga and his colleagues were first criticized) involving such serious accusations against the Varga group and the fact that they have not been completely silenced suggests the probability that Varga's voice is still heard within the highest councils of the Party, at least as regards practical estimates of the strength of the capitalist system in the outer world. Therein, as it appears to the Embassy, lies the significant import of the Varga affair.

KOHLER

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861.9111 RR/3-1549 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

Moscow, March 15, 1949.

651. *Pravda* March 15 carries half column letter to editors from E. Varga protesting against slanders appearing western propaganda organs depicting him as defender Marshall Plan man of western orientation who rejects possibility crisis overproduction in US.<sup>1</sup> Following points developed in letter: Propaganda warmongers follow Hitler's example in spreading rumors that peasantry and non Russian peoples USSR would support war against Soviet Union. World War 2 showed absurdity such Fascist inventions. Warmongers know workers their countries against war with socialist country and would support Soviet Army in event outbreak war profitable to exploiters.

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<sup>1</sup> For the text of this letter, see *Current Digest of the Soviet Press*, vol. 1, No. 10, p. 45.

Warmongers attempt deceive people with idea that atom bombs alone could defeat USSR and they assert they have supporters this country. Falsity their slanders against me obvious. I was first scientist openly oppose MP; I predicted correctly that crisis overproduction US would begin not later than 1948. I protest insinuations warmongers that I am man of western orientation. "Today in present historical atmosphere this would mean being counter revolutionary an anti-Soviet traitor to working class." I request publication letter order clarify my attitude to workers and honest people abroad. Full text by pouch.

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PPS Files, Lot 64 D 563, USSR

*The Director of the Policy Planning Staff (Kennan) to the Counselor of the Department of State (Bohlen)*

FRANKFURT, March 15, 1949.

DEAR CHIP: <sup>1</sup> Coming over here <sup>2</sup> on the plane I had time to think a little more about recent Soviet moves, and I thought I would let you have my views on this subject with the idea that you might want to show this letter to the Secretary and Mr. Webb and Dean Rusk along with whatever comments you may have to make on it.

The more I think about the removal of Molotov and Mikoyan, the more convinced I am that this marks some sort of turning point in the attitude of the Soviet Government toward its dealings with the Western powers. Some sort of a policy decision has been taken in Moscow, and it is plain that whatever the people in the Kremlin expect to achieve in this coming period, they do not expect to achieve it through negotiation with ourselves.

I find particularly interesting, in this connection, the press report I have seen to the effect that at the Supreme Soviet session reference was made to Stalin's speech of March 10, 1939,<sup>3</sup> at the XVIII Party Congress in which he stated that it had been decided "not to permit the provokers of war, who are in the habit of getting others to pull their chestnuts out of the fire, to draw our country into their conflicts." You will recall that this was the first clear sign that there was a change in Soviet policy in 1939, and that the next major moves were the suppression of the *Journal de Moscou* <sup>4</sup> on May 1 and the removal of Litvinov and his replacement by Molotov on May 3. That these things reflected very important Soviet policy decisions, and were

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<sup>1</sup> Charles E. Bohlen.

<sup>2</sup> George F. Kennan visited Germany and other Western European countries in March 1949 in connection with the German question. For documentation on his visit, see vol. III, pp. 113-138.

<sup>3</sup> See *Foreign Relations, The Soviet Union, 1933-1939*, p. 741.

<sup>4</sup> The *Journal de Moscou*, a newspaper published in French, reputedly an organ of the Foreign Office, ceased publication "for technical reasons".

meant to indicate as much, cannot be doubted. When Ribbentrop met Stalin in August,<sup>5</sup> he referred to that phrase in Stalin's speech and said that they had interpreted it as expressing Stalin's desire to improve relations with Germany, to which Stalin replied: "This was indeed my intention." And Molotov, in the toast<sup>6</sup> he gave after signature of the pact,<sup>7</sup> stressed that "it was indeed Stalin who—in his speech of the month of March which was well understood in Germany—evoked this reversal of political relations." As for the dismissal of Litvinov, two days later Astakhov<sup>8</sup> paid a special visit to Schnurre<sup>9</sup> to make sure that the significance of this move had not been lost upon the Germans.<sup>10</sup> (I take the facts from Rossi's book on the Soviet-German pact,<sup>11</sup> which I am now reading.)

When today we have again a change in the Foreign Ministry, the suppression of the *Moscow Daily News*,<sup>12</sup> and a ceremonious and unquestionably deliberate reference to Stalin's speech of March 10, there can be no question in my mind but that this spells some important departure in policy.

Again, it is a gesture of disgust with the West: a gesture testifying to the futility of trying to gain Soviet objectives by dealing with us, just as the 1939 move recognized the futility of trying to gain Soviet objectives by dealing with the French and British.<sup>13</sup>

What has me puzzled and worried is this: In 1939 the Russians had an alternative, a tremendous and dramatically promising alternative, in the possibility of dealing with Hitler.<sup>14</sup> Their present moves would indicate that they consider that they again have an alternative. The reference to Stalin's speech of ten years ago would indicate that that alternative is not a war in which the Soviet Union would be engaged.

<sup>5</sup> Joachim von Ribbentrop was Reich Foreign Minister. For a memorandum of conversation between him and Stalin on the night of August 23–24, 1939, see Raymond James Sontag and James Stuart Beddie, editors, *Nazi-Soviet Relations, 1939–1941* (Washington, Government Printing Office, 1948), pp. 72–76.

<sup>6</sup> *Ibid.*, p. 76.

<sup>7</sup> Treaty of Nonaggression (with secret, additional Protocol) between Germany and the Soviet Union signed in Moscow, August 23, 1939. For text, see *ibid.*, pp. 76–78, or *Documents on German Foreign Policy, 1918–1945*, Series D (1937–1945), vol. VII (Washington, Government Printing Office, 1957), pp. 245–247.

<sup>8</sup> Georgy Alexandrovich Astakhov was Counselor of Embassy of the Soviet Union in Germany in 1939.

<sup>9</sup> Dr. Karl Schnurre was head of the Eastern European and Baltic Section of the Commercial Policy Division of the German Foreign Office in 1939.

<sup>10</sup> For Astakhov's visit to Schnurre on May 5, 1939, see *Nazi-Soviet Relations, 1939–1941*, p. 3.

<sup>11</sup> A Rossi, *Deux ans d'alliance, Germano-Soviétique* (Paris, Librairie Arthème Fayard, 1949).

<sup>12</sup> The English language newspaper in Moscow ceased publication on February 1, 1949, with a special issue commemorating the death on January 21, 1924, of Vladimir Ilyich Lenin. The newspaper had been founded in 1930 by the American Communist, Anna Louise Strong, and others.

<sup>13</sup> For documentation regarding the Anglo-French-Soviet negotiations attempting to reach an agreement against aggression, see *Foreign Relations, 1939*, vol. I, pp. 232–312.

<sup>14</sup> Adolf Hitler was *Führer*, Chancellor of the German Reich, and Supreme Commander of the German Armed Forces.



But then, what is it? Those people think dialectically. It is not likely, in my view, that they would balance off against the possibility of an agreement with us any minor program of secondary significance. And yet, what major one could they have? The possibilities of the foreign communist parties for mischief-making along lines short of major violence and sabotage have been largely exhausted. Resort to such violence would be initially effective, but would probably fail everywhere to be decisive and would backfire by leading to the final smashing of the communist apparatus in many places. What, then, can they have in mind? Can it be some sort of exploitation of the satellites against us, from which Russia herself would remain aloof?

Somewhere Moscow must think that it has a means of bedeviling the West and promoting Soviet objectives which will not involve the Soviet Union directly. And it is toying with the idea of invoking that means at sometime within the coming period.

Yours,

G[EORGE] F. K[ENNAN]

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861.002/3-1649: Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

CONFIDENTIAL

Moscow, March 16, 1949—2 p. m.

671. Concerning Voznesensky's<sup>1</sup> removal reported Embtel 643, March 14,<sup>2</sup> Embassy recommends cautious interpretation this move. On basis present information arguments supporting possibility his transfer work of greater importance away from Moscow and possibly outside USSR in our opinion nearly as forceful as those supporting opposite thesis current complete disfavor. Main factors to consider seem to us:

(a) Date removal coincides Molotov-Mikoyan shifts; also Voznesensky continues be called "Comrade."

(b) Announcement made different manner than above and timed coincide printing Varga letter (Embtel 651, March 15, 1949). Voznesensky member Academy Sciences and undoubtedly supporter Ostrovitianov in Varga attack.

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<sup>1</sup> Nikolay Alexeyevich Voznesensky had been dismissed from his positions on March 5. Important among them had been his chairmanship of the State Planning Commission (Gosplan) since 1938. He was also a Deputy Chairman of the Council of Ministers of the Soviet Union, a full member of the Politburo (since 1947), and during the war he had been a member of the State Defence Committee. For a time after his removal his whereabouts were unknown, but he was subsequently arrested and shot in 1950 on Stalin's orders. He was rehabilitated at the XX Congress of the Communist Party in February 1956.

<sup>2</sup> Not printed.

(c) Voznesensky also removed as deputy Chairman, Council Ministers as was Krushchev<sup>3</sup> when transferred to Ukraine.

(d) He was formerly associated with Leningrad group—Zhdanov<sup>4</sup> and Popkov.<sup>5</sup>

(e) Voznesensky leading Soviet theoretical and practical economist since first appointment chairmanship Gosplan 1938. Was obviously chief economic coordination for Supreme War Council and responsible top planning postwar economic policy. His book<sup>6</sup> was keynote and foundation literature this subject.

(f) Internal economic policy this period characterized by wartime and early postwar trend toward large-scale decentralization ministerial control—a policy sharply reversed in 1948. Also statistical check and reporting results economic plan development removed from Gosplan control last half 1948. According Soviet figures plan on balance proceeding satisfactorily though disproportions and difficulties particularly transport, capital construction, and petroleum believed significant.

(g) Aims external economic policy i.e. achieve tight economic control satellites, utilize external resources, obtain required foreign equipment and reestablish strategic reserves deficit materials, together with maximum disruption ERP probably also sponsored by Voznesensky.

(h) He possibly responsible underestimation force and consequences western reaction particularly as concerns latter elements under (g).

(i) He has appeared regularly in public throughout 1948 and at Lenin anniversary Moscow meeting January 22, 1949. Embassy observer believes his book quoted in some Supreme Soviet speeches though preliminary check indicates such quotes removed from press reports.

(j) Complex problem connected phase two (Embtel 212, January 27, 1948 [1949]<sup>7</sup>) economic integration and development satellite economy under Council Mutual Aid<sup>8</sup> will require constant attention of top economist with full authority.

KOHLER

<sup>3</sup> Nikita Sergeyevich Khrushchev had occupied high party and governmental positions in the Ukrainian S.S.R. since 1938.

<sup>4</sup> Andrey Alexandrovich Zhdanov had been an outstanding Marxist theoretician and propaganda specialist. For many years he had been the controlling Communist Party official in Leningrad. Concerning his death on August 31, 1948, see *Foreign Relations*, 1948, vol. iv, pp. 916-918.

<sup>5</sup> Peter (Pyotr) Sergeyevich Popkov, among other positions, was Secretary of the Leningrad Committee of the Communist Party.

<sup>6</sup> *The War Economy of the U.S.S.R. during World War II.*

<sup>7</sup> *Ante*, p. 1.

<sup>8</sup> Council for Mutual Economic Assistance (CEMA), a Communist grouping being formed for the economic integration of the Soviet bloc of states.



840.20/3-1749: Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET      US URGENT

Moscow, March 17, 1949—11 a. m.

672. ReDeptel 160, March 16.<sup>1</sup> We do not believe Soviet Union will make any aggressive move with armed forces this year likely to embroil it in major hostilities with west powers. Kremlin will, however, organize, support and supply so-called local and liberation forces, notably Greco-Macedonians in north Greece and south Yugoslavia. Barzani Kurds in Iran-Iraq, North Korean bands in South Korea, etc., all calculated to weaken local governments and contribute to worldwide war scare.

However, we do not anticipate any major effort in Iran,<sup>2</sup> and particularly do not see any likelihood invocation 1921 treaty<sup>3</sup> and occupation Azerbaijan. That such move relatively useless and advantage incommensurate with risk major clash involved doubtless impressed on Moscow by previous unhappy experience under comparatively favorable conditions. While local native disturbances might be organized in Azerbaijan we think target any eventual future Soviet aggression towards Iran will be control Central Government and capital in order obtain mastery entire country.

We believe Soviet intentions would be little affected by statement of nature suggested, since these surely already take account our previously demonstrated positive interest. Propaganda reaction would be strong, along established lines of damning American aggressive imperialism, but this now rather shopworn. On whole we consider statement useful supplement Atlantic Pact, which inevitably draws public attention to west, and believe issuance would be useful reassurance to peoples on southern periphery as well as timely reminder to Kremlin that we are not dropping our guard anywhere. Any statement should certainly include Iran, since our stronger direct support Turkey and Greece, which make these countries less vulnerable spots, to large extent speaks for itself. However, we believe statement should be most carefully worded to avoid any implication we are accusing Soviet Government of intending launch armed attack on countries named. Thus, for example, we would suggest saying that "continued inde-

<sup>1</sup> Not printed.

<sup>2</sup> In telegram 160 the Department mentioned that it had "under consideration possible issuance at time conclusion North Atlantic Pact of statement expressing interest US in security all areas world and especially security Greece, Turkey and Iran. Statement would probably say attack on those three countries would be 'matter of grave concern' to us." There was some fear that such a "statement might provoke aggressive Soviet action against Iran," and the Embassy was asked to express its views on the probable reaction of the Soviet Government to a declaration of this nature (840.20/3-1649).

<sup>3</sup> Treaty of Friendship between the Russian Socialist Federated Soviet Republic and Persia, signed at Moscow on February 26, 1921; for text, see League of Nations Treaty Series, vol. ix, p. 384.



pendence and integrity" Greece, Turkey and Iran matter grave concern to US, rather than that "attack" on them would be grave. Finally we consider almost essential British join in issuance statement, since American British solidarity in Near East area seems to us matter of great practical and psychological importance, both in region itself and in Moscow.

Sent Department 672, passed London 66.

KOHLER

861.4016/3-1949 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

CONFIDENTIAL

Moscow, March 19, 1949—1 p. m.

692. Over past month campaign against "homeless cosmopolitanism" which commenced in earnest with *Pravda's* editorial January 27 "concerning certain group anti-patriotic theatre critics" <sup>1</sup> has been extended fields literature, music, cinema, philosophy, natural science, atomic energy, sports and circus and has gradually taken new twist and emphasis which is clearly anti-Jewish. Embassy at first reluctant accept few signs appearing as conclusive evidence new anti-Jewish emphasis but in last two weeks published articles have supplied very clear proof anti-Jewish theme culminating in particularly vicious article *Vechnaya Moskva* <sup>2</sup> March 14. Newspaper correspondents have had all despatches on this killed by censor even though straight quotation.

Great number names cited in current attacks obviously reveal racial origin but when this not so Jewish origin indicated by quoting Jewish names in brackets following adopted Russian names—to Embassy's knowledge an unprecedented practice. "Cosmopolitanism" has been specifically associated with Jews in number instances and Zionism along with pan-Americanism and Catholicism has been termed guise cosmopolities actively serving interests imperialist reaction. At meeting plenum Ukrainian writers February 28 references made to "serious manifestations Jewish bourgeois nationalism especially in periodical *Der Stern* <sup>3</sup> publication which we have had to discontinue". This parallels recent Moscow closing Jewish publishing house and discontinuance newspaper *Einikait* (reEmbtel 3061, December 30 <sup>4</sup>).

Frequent use expressions such as "people without kith and kin, passportless wanderers, people without tribe" have contributed uneasy feeling Jewish population. Violence language used accusing cosmopolite—critics conspiring carry out kind of sabotage against Soviet

<sup>1</sup> For a lengthy summary of this editorial, see *Current Digest of the Soviet Press*, vol. I, no. 3 (March 1, 1949), pp. 57-61.

<sup>2</sup> The newspaper of the Moscow City Committee of the Communist Party of the Soviet Union and of the Moscow Soviet.

<sup>3</sup> A Yiddish-language literary almanac published irregularly in 1948 in Kiev.

<sup>4</sup> *Foreign Relations*, 1948, vol. IV, p. 948.

culture has gradually reached crescendo reminding some observers language used by press in great purges of 30's. *Vechernaya Moskva* article referred autobiographical book Aleksandr Isbakh (Isaak Bakhrakh) *Years of Life* published 1948 by "Soviet writer" publishing house in which author accused exalting Hebrew religion and propagandizing Zionism. In not passing correspondents stories Soviet authorities may have realized current campaign gone too far.

Anti-Jewish twist which could not occur without at least connivance top party leaders obviously important new internal development. Although campaign in line with Soviet ideological housecleaning stemming from party decree on "Star" and "Leningrad" August 1946,<sup>5</sup> current offensive transcends bounds similar campaigns past two years and has deep roots in Russian chauvinism with its traditional anti-semitism as well as anti-foreignism. Establishment of Israel has undoubtedly revived attraction Zionism Russian Jewry (re Embassy's A-1044, October 18, 1948<sup>6</sup>).

Ehrenburg<sup>7</sup> in Sep laid down principle that solution Jewish question lay in achievement socialism in countries residence rather than in establishment state Israel (re Embtel 2078, September 20<sup>8</sup>) and pointed direction present assault constitutes warning that Soviet Jew can have only one loyalty, i.e. Soviet fatherland (re Embassy's A-35, January 13<sup>9</sup>). Thus it is not simply question anti-semitism or beginning Hitlerite policy toward Jews as people. It is perhaps also extension policy elimination Jews from influential positions reportedly carried out past decade Soviet diplomatic service and armed forces as persons who with traditional internationalist culture and ties abroad could not be relied upon conform increasingly tight ideological straitjacket demanded by party in postwar conditions.

Subsidiary factors contributing sharpness acidity these attacks undoubtedly personal desire for revenge by authors previously criticized and latent anti-semitism which still exists despite boasts contrary.

However, would be mistake consider present offensive merely continuation ideological housecleaning or reflection usual author-critic relationship. Rather it is one climax in current reassertion of Russian chauvinism strongly reminiscent 19th century with reverse side anti-

<sup>5</sup> In August 1946, the Communist Party of the Soviet Union issued a decree denouncing the ideological failings of the Leningrad literary periodicals *Zvezda* (Star) and *Leningrad*. *Leningrad* was discontinued shortly thereafter. See *Foreign Relations*, 1946, vol. VI, pp. 774-776.

<sup>6</sup> Not printed.

<sup>7</sup> Ilya Grigoryevich Ehrenburg, Russian novelist and journalist.

<sup>8</sup> Not printed; it reported upon the contents of an article by Ehrenburg appearing in *Pravda* on September 21, 1948, presenting the Soviet ideological line on the questions of Israel and anti-Semitism in the USSR (867n.01/9-2149).

<sup>9</sup> Not printed; it reported information indicating that Soviet foreign policy was shifting away from friendship for Israel and toward support of the Arab states (867N.01/1-1349).



foreignism and anti-semitism. And forms stern warning Russian Jews that only unbounded devotion Soviet state and ideals Communism can bring them acceptance and salvation.

Facts this new development should be given wide currency as doubtful whether informed westerners realize significance but caution should be used in applying epithet "anti-semitic" which could be countered by Soviet references anti-discrimination laws and to positions Kaganovich<sup>10</sup> and Ehrenburg.<sup>11</sup> Recommend waiting full report by pouch before exploitation information media and VOA.<sup>12</sup>

Copy pouched Tel Aviv, Paris, London.

KOHLER

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<sup>10</sup> Lazar Moiseyevich Kaganovich, a First Deputy Chairman of the Council of Ministers of the Soviet Union.

<sup>11</sup> While many other Jewish writers were secretly arrested at this time, Ehrenburg suffered only a brief period of prohibition of publication. In April, apparently at the personal intervention of Malenkov and Stalin, Ehrenburg resumed his normal work. For his own recollections of the circumstances of the anti-Jewish campaign in 1949 and his own experiences therein, see Ilya Ehrenburg, *Postwar Years, 1945-1954*, translated by Tatiana Shebunina (Cleveland and New York, World Publishing, 1967), Chapter 15.

<sup>12</sup> Telegram 184, March 23, to Moscow, not printed, replied that the information on Soviet anti-Semitism would be made available for appropriate use during the forthcoming Cultural and Scientific Conference for World Peace in New York, March 25-27 (800.00B/3-2349).

In airgrams A-381, April 13, and A-425, April 25, from Moscow, neither printed, the Embassy reported that the "homeless cosmopolitan" drive on the internal front had virtually ended, and Soviet propagandists were focusing attention on the connection between "cosmopolitanism" and "hostile western ideology" and "international reaction" (861.4016/5-1549 and 861.4016/4-2549).

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711.61/3-349

*Memorandum by the Director of the Office of European Affairs  
(Hickerson)*

SECRET

[WASHINGTON,] March 25, 1949.

Subject: Retaliation for Soviet-Imposed Restrictions and Difficulties  
*Problem*

Secretary Krug<sup>1</sup> at a recent Cabinet Meeting raised the question of possible retaliation for the treatment accorded this Government and its officials by the Soviet Union. It was agreed that the Department of State would thoroughly review this situation.<sup>2</sup>

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<sup>1</sup> Julius A. Krug was Secretary of the Department of the Interior.

<sup>2</sup> On March 3, Assistant Secretary of State for United Nations Affairs Dean Rusk requested the Director of the Office of European Affairs John D. Hickerson to have a problem paper drafted and coordinated with other areas of the Department. (711.61/3-349) This present memorandum was directed to Mr. Rusk and to the Under Secretary and Secretary of State. It appears to have been drafted by Llewellyn E. Thompson, Jr., the Deputy Director of the Office of European Affairs.



*Discussion*

A fundamental obstacle in the way of any program of retaliation for the difficulties caused us by the Soviet Government lies in the differences in the forms of governments in the two countries. To retaliate fully and effectively, we would be obliged to institute controls of a totalitarian nature which, it is believed, would harm us more than it would the Soviet Union. For example, one of our greatest difficulties in the Soviet Union is that of obtaining adequate housing and similar facilities, all of which are controlled by the Soviet Government. We clearly lack means with which to cause similar difficulties to the Soviet Government in this country.

Another major obstacle in the way of retaliation for acts of the USSR is the fact that the Soviet Government would probably see to it that any practices adopted were not confined to the Soviet Union alone but would probably also extend to all satellite states. In nearly all the satellite countries, a program of retaliation would in many cases react to our disadvantage. In numbers of official personnel, for example, we are at a distinct disadvantage, since we now maintain in the satellite states missions many times larger than those states maintain in this country.

A third objection to a program of retaliation is the fact that it would end in either a break in diplomatic relations or at least the reduction of our operations in the Soviet Union and the satellite states to a very limited skeleton staff. Operating through the Communist Party, foreign nationality groups, fellow-travellers and even sympathetic Americans, the Soviets could carry out many of their objectives here in a manner which we would find impossible to block without jeopardizing our system of individual liberties. For example, in the field of propaganda one of the most vicious proponents of the Soviet thesis in the United States is a magazine which includes in its sponsors such people as the Honorable Joseph E. Davies.<sup>3</sup>

It should be noted that in many fields we are already using the weapon of retaliation. For example, we have successfully in many cases withheld the issuance of visas to Soviet and satellite nationals until we obtained visas to the Soviet Union which we particularly desired. We have found by experience that this is a game which to be successful must be played with considerable skill, and that a heavy-handed, blunt approach causes the Russians to feel that their national pride is involved and that they will go to almost any lengths rather than give in.

One method by which we can partially overcome the disadvantages of our lack of totalitarian controls is to apply restrictions on Soviet

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<sup>3</sup> Ambassador to the Soviet Union for part of the years 1937-1938.

personnel in this country and to declare any officials violating them as *persona non grata*. We have for some time been holding in abeyance a plan to use this method in order to apply travel restrictions upon Soviet officials in this country.<sup>4</sup> Our chief reason for not doing so is that while the Soviet Government has tightened its travel restrictions upon our people, it has in practice recently become more liberal in allowing both our civilian and military personnel to take trips in the Soviet Union. In this connection it should be noted that the Soviet Government is able to control travel of our personnel to a considerable extent by their control of transportation and hotel facilities even where no formal travel restrictions were in existence.

Memoranda discussing specific current difficulties with the Soviet Government are attached.<sup>5</sup>

### *Recommendation*

It is recommended that we continue to deal with the question of retaliation for Soviet and satellite practices on an *ad hoc* basis, the determining factor in each case to be the net advantage or disadvantage to the United States.

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<sup>4</sup> A marginal notation at this point by Mr. Hickerson reads: "I have grave doubts about the wisdom of doing this. JDH". In regard to the reimposition of travel restrictions by the Soviet Union in a note of September 30, 1948, and the consideration of the advisability of taking retaliatory measures by the United States, see *Foreign Relations*, 1948, vol. iv, pp. 921-937, *passim*.

<sup>5</sup> These attachments are not printed. They were apparently prepared in the Division of Eastern European Affairs and were described by the Associate Chief of that Division, Robert G. Hooker, Jr., in a memorandum of March 14, 1949, as "brief statements of some of the difficulties encountered by United States Government representatives in the USSR, from which it will be clear that in all cases but one [travel restrictions] equivalent retaliation is not feasible for this Government, except at a wholly disproportionate cost, both in money and in our democratic principles." (711.61/3-349) These statements summarized the difficulties being experienced with the travel restrictions, customs troubles, housing shortage, foreign exchange controls, and some miscellaneous matters.

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861.00/3-3149 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

CONFIDENTIAL

Moscow, March 31, 1949—5 p. m.

800. Significance important changes state and party hierarchy revealed piecemeal during March difficult assess at moment but it seems probable major reshuffle, decided upon some time ago, gradually being revealed and likely other changes will be announced near future. Considering few top level government and party changes USSR over past 10 years and particularly since end of war when almost every other country in world has experienced crises and major turnover government and personnel, it is perhaps strange these changes in Soviet Union did not come sooner. Pertinent is Malenkov's reference



in Cominform speech September 1947<sup>1</sup> to engagement party in operational work directing economy during war as violation fundamental tenet Bolshevik leadership. While process disengaging party from direct responsibility for executive and operational details has been in course on lower levels since end war important motive behind present reshuffle in top state and party hierarchy undoubtedly reflection of party policy as stated by Malenkov. In addition Embassy's previous interpretations timing and motives behind individual replacements, possible that these are preliminaries connected with All Union Party Conference or Congress to be held this year.

Probable removal of Voznesensky from Politburo (reEmbtel 783 March 29)<sup>2</sup> principal "demotion" so far emerging from government and party reshuffle. Present status A. A. Kuznetsov,<sup>3</sup> secretary CC CPSU (B) uncertain though absence meetings Supreme Soviet and omission from apparently full published list Politburo and party secretaries elected delegates Komsomol Congress (reEmbtel 753 March 25 and A-321 March 28<sup>4</sup>) point his probable removal. Speculation on elimination Voznesensky and Kuznetsov as "Zhdanov men" should be viewed with caution as Suslov and Kosygin (despatch 680 September 15, 1948<sup>2</sup>) still occupy prominent positions, while Kosygin only Politburo member now with executive responsibility government department, his retention as Minister Light Industry in Soviet tradition using troubleshooter bring order into sector economy needing reorganization aimed increased production and efficiency.

Komsomol Congress has so far been productive, disappointingly few indications present status top party personnel. Newspapers March 30 merely reported Politburo "headed by Stalin" elected Honorary Presidium without listing names. Interesting note Stalin's son, Vassily,<sup>5</sup> twelfth name printed in list 19 individuals mentioned as elected 45-man Congress Presidium (reEmbtel 791, March 30<sup>2</sup>) appearing directly after political figures and just before heroes Soviet Union and Stalin-

<sup>1</sup> In regard to the speech by Georgy Maximilianovich Malenkov given at the meetings for the formation of the Communist Information Bureau, see telegram 2993 from Moscow on October 6, 1947, in *Foreign Relations*, 1947, vol. IV, footnote 10, p. 597.

<sup>2</sup> Not printed.

<sup>3</sup> Alexey Alexandrovich Kuznetsov had been a subordinate of Zhdanov and a Secretary in the Communist Party City Committee in Leningrad and a Secretary of the Central Committee of the Communist Party of the Soviet Union and a member of its Organizational Bureau (Orgburo) from 1946 until his dismissal.

<sup>4</sup> Neither printed.

<sup>5</sup> Vasily Iosifovich Dzhugashvili (Stalin) was an airplane pilot and in the air force of the Soviet Union during the Second World War, rising to the rank of Lieutenant General by its end, then was Chief of Aviation of the Moscow Military District, 1947-1952.



ovites. Published photographs Congress so far confined audience delegates.

KOHLER

781.00/4-649

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

TOP SECRET

Moscow, April 6, 1949.

No. 202

SIR: I have the honor to refer to the Embassy's despatch no. 315 dated April 1, 1948<sup>1</sup> and telegrams 3008 dated December 23, 1948,<sup>2</sup> and 848 dated April 6, 1949,<sup>3</sup> and to enclose a report entitled "Soviet Intentions", prepared by the Joint Intelligence Committee with the assistance of specialists in the various sections of the Embassy, including consultation with the Military, Naval and Air Attachés, who concur in its findings.

The Department will note that whereas the committee concluded on April 1, 1948 that the Soviet Union would "not deliberately resort to military action in the immediate future", its conclusion this year has been even more positive, i.e.

"The Soviet Union will not resort to direct military action against the West in the near future and expects and counts on a period of several years of peace."

This conclusion has been reached after analysis of basic factors in the Soviet situation: political, military, economic, morale and propaganda.

It is recognized that the data available to the Embassy are limited and that in Washington it should be possible to supplement the material presented here, particularly with regard to the political, economic and military factors outside the Soviet Union affecting the basic question.

It is requested that copies of this report be transmitted to the Departments of National Defense, the Army, Navy and Air, and to the Central Intelligence Agency. It is also requested that a copy be made available to General W. Bedell Smith,<sup>4</sup> who served as Ambassador here during most of the period covered by this report.

Respectfully yours,

FOR D. KOHLER

<sup>1</sup> *Foreign Relations*, 1948, vol. I, Part 2, p. 550.

<sup>2</sup> *Ibid.*, vol. IV, p. 943.

<sup>3</sup> Not printed. The telegram gave notice to the Department that this basic despatch, giving a comprehensive review of Soviet intentions, was being sent by pouch on this day.

<sup>4</sup> Lt. Gen. Walter Bedell Smith was Ambassador to the Soviet Union in 1946-1949.

[Enclosure—Extract]

*Report on "Soviet Intentions" Prepared by the Joint Intelligence Committee, American Embassy, U.S.S.R., April 5, 1949*

GENERAL ESTIMATE AND CONCLUSIONS

After study and analysis of information presently available, the Joint Intelligence Committee of the Embassy comes to the following conclusion with regard to the intentions of the Soviet Union:

The Soviet Union will not resort to direct military action against the West in the near future and expects and counts on a period of several years of peace.

On April 1, 1948, the Committee concluded that "the Soviet Union will not deliberately resort to military action in the immediate future but will continue to attempt to secure its objectives by other means." The Committee further concluded that if the United States and Western Europe, particularly during 1948, grew sufficiently in strength to convince the Soviet Union that the outcome of war would be doubtful, Soviet policy would be directed toward the postponement of war for an indefinite period.

Events during the past year support the above conclusions. The United States has strengthened itself. Communism has failed to make the advances in Western Europe, particularly in France and Italy, which were considered quite possible a year ago. Western Europe has made substantial economic recovery and the Atlantic Pact has drawn the United States and Western Europe into political and military cooperation of an unprecedented closeness. Therefore, in spite of Communist successes in China and generally favorable developments in the Near East and Southeast Asia, the Soviet Union now faces the situation envisaged in the Embassy's 1948 estimate.

The conclusion that the Kremlin will not initiate war in the next several years does not mean any alteration in the springs of action of the Soviet state nor change in Communist belief in the inevitability of war between the Soviet Union and the capitalist West. In fact this belief must be considered the basis of Soviet plans and policies. The mechanism of the state is being canalized toward preparation for war expected to eventuate some years hence.

This situation demands alert, long range planning on the part of the Western democracies of a nature even more complex than if war were immediately imminent.

Specifically:

1) The present "war scare" must be replaced by an educated public opinion, aware of the nature and realities of Soviet policy and prepared to maintain over an indefinite period the calm and increasing strength, moral, physical and political, which will deter Soviet direct military action.

2) The United States must look carefully to the order of its own economy and the conservation of its natural resources so that optimum distribution of the American national product may be achieved among domestic economy, European reconstruction, aid to underdeveloped areas, and military preparations.

3) Western unity must be maintained and European reconstruction carried through to completion.

4) At the same time the United States must persist in and further develop an economic policy which will limit the ability of the Soviet Union and satellites to increase their economic and military potential. This should not only cover progressive development of export controls, but its counterpart, i.e. reducing Soviet ability to obtain foreign exchange through the sale of luxury items, such as furs and fisheries products, by sales to the United States.

5) The United States must be prepared for tempting "peace" offers by the Soviet Union, must continue to keep the issues clearly defined before the public and to state what preliminary actions the Soviet Union must take before serious negotiations on outstanding issues can be undertaken.

6) On the basis of the present analysis of Soviet intentions the United States must take advantage of the present situation, not only to "contain" the Soviet sphere but to reduce it, seizing and maintaining the initiative in all fields. Such positive policy may take various forms, should include the continued pursuit of policies already initiated, such as the encouragement and support of "Titoism" in general and of Tito's Yugoslavia vs. the Cominform in particular, defense of human rights in the satellite states, and assurances of United States vital concern not only in the Atlantic Pact countries, but in Greece, Turkey, Iran, and the Far East.

7) The spiritual initiative won by the President's inaugural must be developed by word and deed, to prove to the world that the philosophy of freedom, not communism, holds the finest promise for the future of mankind.

The factors which have led to this conclusion are analyzed in separate sections.

To summarize:

### *Political*

The European political situation is less favorable to Soviet policy now than a year ago. Faced with the Atlantic Pact, Western Union, the Berlin airlift, and the Tito defection, the Kremlin must realize that it has lost ground in Europe. If early war had been intended, it should have been initiated before these developments occurred. In the Far East, Communism has made dramatic gains. The Soviet Union may view with satisfaction the progress of events in China, in the Near East and in Southeast Asia. No war is needed to carry on this progress which the Kremlin expects to continue.

On balance the political factors do not favor a Soviet-initiated war at the present time. Soviet policy will rather be directed toward the hardening of Communist apparatuses everywhere, toward continuing



and intensifying the "peace offensive/war scare"—directed outward to hamper recovery and further the Soviet "peace" myth abroad, and inward to urge the Soviet population to greater productive efforts. The possibility of direct military action against Tito, Iran or Finland cannot of course be entirely excluded, though even in these cases indirect pressures are more likely.

### *Military*

1. While the Soviet Army is probably capable of overrunning continental Europe with the exception of Spain and Portugal and of occupying strategic areas of the Near East, the Kremlin is presumably aware of the difficult transport, logistical and other problems which would result from such an attempt and doubtless realizes it would be military folly.

2. Western political and military strength, including advancement made during the past year, is deterring the Soviets from any major military action as such action would develop into a world conflict for which the Soviets are inadequately prepared.

3. It is believed that the Soviets will not deliberately resort to war until they have in production advanced weapons of mass destruction and until they have enough long range aircraft and naval power plus adequate logistical capabilities for supporting a global war. They will utilize the intervening time for intensification of scientific development and the production of effective weapons. Threats of military action however will be continued as a political weapon in the present cold war. In the meantime the United States should not lose sight of the fact that the Soviets consider that war with the United States is inevitable.

### *Economic*

The present economic situation of the Soviet Union is unfavorable to immediate war. Among the most vital deficiencies are oil and transportation facilities. Several years are needed for economic development within the Soviet Union and satellites and for consolidation of the economies of the Eastern European communist countries with that of the Soviet Union. Economic policies and programs of the USSR pursued during the past year seem directed to a long term development rather than preparation for an emergency. Soviet planners seem to be accepting changes, reorganizations and readjustments, which cannot help causing immediate complications but which are justified by expected long term results.

### *Agricultural*

While current agricultural production potential could sustain an immediate war for a period of two years, draft power limitations and inadequate stockpiles would favor postponement until these defects can be remedied.

Recent agricultural policy of the Soviet Union seems to be directed toward long range results rather than toward an immediate emergency, toward a peace rather than a war economy. The government has undertaken plans and programs which will sacrifice immediate results for long term benefits.

Consequently the present agricultural situation and agricultural policy favor the postponement of hostilities for several years.

### *Morale and Propaganda*

Although it is doubtful that the status of morale or the efficacy of propaganda at any given moment would decide the question of war or peace for the Soviet Union, consideration of these problems lead to the conclusion that war for the Kremlin would be preferable some years hence rather than now.

### FUNDAMENTAL CONSIDERATIONS

Nothing has occurred during the past year to alter in any respect the fundamental conclusion that the Soviet Government is committed to eventual conflict between the Communist and capitalist powers. Guided by the doctrine of Marxism-Leninism-Stalinism, the supreme goal remains world communism and Soviet power the major instrument by which it will be achieved.

While the Kremlin under Stalin is tactically cautious in approaching any immediate situation and evaluates carefully the risks involved, it must be recognized that the whole Soviet Government apparatus is inexorably driven in its long-range strategical course by the conceptions of Marxist-Leninist-Stalinist dogma. Stalin's formulation of the basic international concept, in his interview given to the First American Labor Delegation, September 9, 1927 (*Pravda*, September 15, 1927), is apt and authoritative:

"... in the further progress of development of the international revolution, two world centres will be formed: the Socialist centre, attracting to itself all the countries gravitating towards Socialism, and the capitalist centre, attracting to itself all the countries gravitating towards capitalism. The fight between these two centres for the conquest of world economy will decide the fate of capitalism and Communism throughout the whole world . . ."

Since the foregoing was written there have been countless minor and three major tactical deviations from this concept of the course of Soviet-Communist history. These latter were 1) the period of the theory of capitalist encirclement, during which the USSR lived in relative isolation, seeking no trouble from its neighbors and building "Socialism in one country" (i.e. developing its industrial strength); 2) the period of the "Popular Front" (1935-1939), and 3) the period of the idea of the Great Patriotic War, during which the USSR was actually allied with two major capitalistic powers against Germany



and Japan. These ideas are now being explained away and history rewritten in the Soviet history books. The shift of the Communist apparatus back from the switches to the main track, which began in 1945, is continuing at full pace.

At the end of World War II, the Soviet Union stood at a crossroads. The USSR had gained not only awe and respect as a major power but also legitimacy and acceptability and a great reservoir of good will among practically all the peoples of the world. She might well have lived in peaceful possession of her wartime conquests and gains, to a great extent the gift of her grateful and trusting Allies. Had she chosen to play the international game cooperatively, these would today be essentially little less than what she now possesses and they could have been securely held in a calm and peaceful world.

Instead the Soviet Government chose the opposite course—that of doubly ensuring and heavily exploiting its gains, of rejecting and antagonising its war-time Allies, of preparing the Soviet peoples for further conflict and of redoubling efforts to increase the scientific and industrial war potential of the USSR. Wartime cooperation with the capitalist West now receives no mention, efforts of Soviet propaganda writers on this period being devoted entirely to painting a war-history picture in which the Western Allies, in particular the United States, were utilizing every opportunity to prepare positions for a Third World War against the Soviet Union and the countries of the people's democracies. While the continued existence of capitalist states is cited as a danger requiring the maintenance of the Soviet State apparatus, the old concept of capitalist encirclement, no longer worthy of the Soviet giant, has been gradually allowed to lapse. It has been replaced by the Communist concept of the development of "two world centers" as described by Stalin and the theme of "time is on our side" is frequently mentioned. In other words the picture of a world divided into "two camps", which Stalin in 1927 drew for the future, he today considers to have arrived.

The deliberate choice which the Soviet leaders made after the end of World War II has in fact resulted in the creation of the two hostile centers predicated by Lenin and Stalin. It can only mean that the Kremlin has chosen to launch "the struggle between these two centers" which is "to decide the fate of capitalism and Communism throughout the whole world".

However, the fact that the struggle has been joined by the deliberate choice of the Kremlin does not necessarily mean that the achievement of World Communism is to be expected in the near future or to be sought primarily through use of Soviet armed might. Communist dogma provides no rigid time-schedule for the millenium to be reached; on the contrary it is the "inevitable" outcome of historical forces which are currently at work and which, according to Marxist



science, will result in a communist world. "In the 20th century all roads lead to Communism," as Mr. Molotov has expressed it. Nevertheless careful preparations must be made and the "correct line" followed to bring to pass the "inevitable" triumph of communism.

Although Leninist-Stalinist doctrine holds to the theory that the Soviet Union as the one Socialist state in the world can never be secure as long as there exist powerful capitalist nations, the Kremlin probably believes (despite its contrary propaganda) that at this moment and for a few years the USSR will not be attacked by the Western powers. If this be true, it would account for certain actions and policies—discussed below<sup>5</sup>—of the Soviet Government over the past year which indicate a deliberate choice to weaken itself to a certain extent during the next few years in order to gain greater strength for the future inevitable conflict in which it continues to believe.

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<sup>5</sup> The remaining 45 pages of the report are not printed. Here the fundamental considerations are treated in separate sections under these main headings: Political; Military; Economic; Agriculture; and Morale and Propaganda.

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811.42700 (R)/4-2649: Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

CONFIDENTIAL

Moscow, April 26, 1949—6 p. m.

1054. VOA Russian now totally jammed 1800 and 2100 GMT. New jammers began 2100 GMT April 24 blanking every frequency except 9700. April 25 all blanked. Airpouching recording IBD. BBC Russian also blanked. Jammers of powerful type previously heard only against radio Madrid. See no hope getting through by increase signal strength since jammers loud enough blank radio Moscow itself.<sup>1</sup> Urgent use more frequencies at once if available in order retain listeners.<sup>2</sup> VOA by far our most important means direct action Soviet people.

Sent Department 1054, repeated Munich 2.

KOHLER

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<sup>1</sup> The Embassy reported in telegram 1063 from Moscow on April 27 that the jamming still continued, and estimated that between 12 and 21 jammers were now available for simultaneous operation in the Moscow area.

<sup>2</sup> In reply to the Embassy in telegram 272 on April 28 the Department advised that at present it was technically impossible to increase the number of transmitters; but it derived some satisfaction because the jamming would at least force the Soviet Government to concentrate its "radio activity on jamming rather than more productive projects."

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811.917 "America"/4-2849: Airgram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

CONFIDENTIAL

Moscow, April 28, 1949.

A-439. For INP. The letter by Johnstone, former editor of "British Ally," denouncing that journal and British policy in general

(Embtel 1027, April 25<sup>1</sup>), while appearing to have no direct implications for the future of *Amerika* magazine, offers an occasion for the Embassy to re-state its views.

It seems likely that, once the Soviet authorities decide to get rid of *Amerika*, they will do so in short order, regardless of what policy we pursue.<sup>2</sup> That they must make this decision sooner or later is probable in the light of the ever-growing campaign against all Western influences and of the general pattern of Communist strategy. Our policy should obviously aim at delaying such a decision. For this reason the Embassy seeks to avoid any steps which might cause the question of abolishing *Amerika* to be raised at high levels in the Soviet hierarchy. Thus, for example, we have not followed up the hint from Soyuzpechat<sup>3</sup> about a possible reduction in price (Embdesp. 709, October 1, 1948<sup>4</sup>), despite the fact that lowering the price would undoubtedly increase *Amerika*'s popularity.

Meanwhile *Amerika* continues to face the normal hazards of survival in the Soviet environment. Though neither the Bucar book or the Johnstone letter have so far scared any of the alien staff into quitting, the fact remains that some sudden event is ever capable of depriving us of their services without warning. For this reason the Embassy believes it prudent to continue efforts which have been under way for some time to build up an adequate translating staff for the New York office. The Embassy's participation in this task has been slowed by circumstances beyond its control, which themselves reflect the difficulties and relatively precarious nature of the translation operation here. However, the Embassy is steadily pressing forward with the screening of trial translations and hopes that the Department will do all it can to expedite adequate security checks of persons found qualified, and immigration of those found both qualified and dependable.

In connection with the Johnstone affair, the Embassy has subse-

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<sup>1</sup> Not printed; it reported that Archibald Johnston had resigned as the chief editor of *British Ally* [Britansky Soyuznik], declared his intention to remain in the Soviet Union, and had circulated a letter criticizing the publication. (841.61/4-2549)

<sup>2</sup> Just the day before the Embassy had suggested to the Department of State in telegram 1073 that the decline in sales of recent issues was a bad sign for the future of *Amerika*. (811.917 America/4-2849) In telegram 1216 of May 12 the Embassy attributed part of this loss to the relatively high cost of the magazine upon the limited purchasing power of the people, and their fear of American contacts. (811.917 America/5-1249) Later in the year, in airgram A-1059 of October 22, and in despatch No. 640 of November 1, wonder was expressed whether current attacks on *Amerika* in the press might not be affecting its popularity. Some of the articles had been most harsh in tone and had left few things untouched in criticism of the American way of life, and this violence might itself be a reflection of the effectiveness of the magazine in presenting a true picture of that way of life to readers in the Soviet Union. (811.917 America/10-2449 and 11-149)

<sup>3</sup> Soyuzpechat was the Administration for the Distribution of Printed Matter in the Soviet Union.

<sup>4</sup> Not printed.



quently learned that the Russian staff of "British Ally" turned up for work with unusual promptness on Monday morning following the publication of Johnstone's letter, and far from showing anxiety looked quite pleased with life. The British interpreted this as indicating that the Russians had been tipped off by the MVD to stay on the job.

KOHLER

861.50/4-2949 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

CONFIDENTIAL

Moscow, April 29, 1949—6 p. m.

1093. My immediately following telegram summarizes Varga's article published "Questions Economics" in which he recants his previously-held stand on many important points re postwar economic situation capitalist countries and acknowledges correctness all criticism directed against him.<sup>1</sup> While abject tone customary such statements notably absent and discussion certain points, such as improbability war between imperialist states, "timing" post-war crisis in USA, is lacking, apparent Varga intends article be complete admission all "errors" and in addition takes upon himself responsibility for mistakes his associates in Institute he formerly headed.

In light numerous possibilities behind Varga affair, Embassy reluctant this juncture to conjecture significance Varga confession. We feel it would be unwise accept published self-criticism as proof that Kremlin has come to any new or definitive decision regarding prospects for stabilization capitalist economy in West or advancement or postponement "inevitable" capitalist crisis. Likewise in absence other evidence either pro or con, we still believe unlikely any connection with Voznesensky ouster (reEmbtel 783, March 29).<sup>2</sup>

Varga's recantation bears out analysis Embassy's A-267, March 15 concluding Varga's heresies so fundamental as to make impossible his re-emergence as top economic theorist without full confession of errors. However, regeneration of heretics is traditionally long and detailed process and it remains to be seen whether this is first step on road to complete restoration or prelude to obscurity.

KOHLER

<sup>1</sup> Telegram 1094 reported the receipt on April 28 of issue No. 3 of *Questions of Economics* which contained a 10-page article by Varga wherein he acknowledged the correctness of the criticisms for the "anti-Marxist" viewpoints expressed in his book. He claimed that the "principal error lay in faulty methodology used in book, i.e., attempting divide economics and politics. This un-Marxian approach naturally led to false conclusions of reformist nature, essential correctness facts themselves." He regretted the prolonged delay in admitting the errors, and declared that he would not write the second volume as he had planned to do, although "an independent work on postwar problems imperialism without reformist mistakes 'should be written.'" (861.50/4-2949) The text of the article "Against a Reformist Trend in Works on Imperialism" was sent in translation in despatch No. 286 from Moscow on May 17; not printed. (861.50/5-1749)

<sup>2</sup> Not printed.



811.42700 (R)/5-1349: Telegram

*The Secretary of State to the Embassy in the Soviet Union*

SECRET

WASHINGTON, May 13, 1949—6 p. m.

333. To project measures both short and long term against VOA jamming Emb views urgently requested on causes, effect on Sov population, e.g. whether increased claustrophobia due to jamming likely cancel advantages keeping outside info from Sov population, also whether may expect jamming continue indefinitely. Does Emb believe has any connection lifting blockade and CFM developments or that may herald even more virulent campaign to convince Sov population of aggressive US aims in event conference failure? VOA requesting supplementary funds to add number medium power transmitters immediately and large number high power transmitters over next two years. VOA contemplates recorded program of questions to listeners as to why "they" (Kremlin) are trying prevent Sov people from listening to VOA. Has Emb any comments or suggestions for other measures?

ACHESON

861.404/5-1349

*Memorandum by the Director of the Office of European Affairs  
(Hickerson)*

SECRET

[WASHINGTON,] May 13, 1949.

*Discussion:*

The Reverend John O. A. Brassard, A.A., who was appointed as clergyman for the American colony at Moscow, has already waited more than three months for the Soviet Embassy to issue him an entry visa to the USSR.

The agreements reached between The President and the People's Commissar for Foreign Affairs of the USSR, in connection with the establishment of diplomatic relations between the two countries (Roosevelt-Litvinov agreements), provide that an American clergyman shall be permitted to minister to the spiritual needs of the American colony at Moscow.

As a result of the failure of the Soviet Government to issue a visa to Father Brassard, the American colony has been without the services of a clergyman for more than three months.

*Recommendation:*

It is recommended that you <sup>1</sup> discuss the matter of Father Brassard's visa application with the Soviet Ambassador and inform him of the seriousness with which this Government views the failure of the Soviet

<sup>1</sup> This memorandum was directed to the Secretary of State Dean G. Acheson.

Government to implement the agreements reached in 1933. An appropriate occasion for this discussion might arise when you call in the Soviet Ambassador in connection with the matter of the return of naval craft to the United States as recommended in the memorandum of May 9, 1949 from E—Mr. Thorp.<sup>2</sup>

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<sup>2</sup> For the memorandum of May 9 by the Assistant Secretary of State for Economic Affairs, Willard L. Thorp, see p. 694. In regard to the efforts being made to reach a lend lease settlement agreement with the Soviet Union, see pp. 689 ff. The Secretary of State was unable to see the Ambassador of the Soviet Union, Alexander Semenovitch Panyushkin, at a meeting at noon on May 25; but the Acting Secretary of State James E. Webb, who did see the Ambassador, raised the question of the failure of the receipt of a visa by Father Brassard. Ambassador Panyushkin replied that "he had been absent for some time at the General Assembly [of the United Nations] in New York, but said he would at once look into the matter."

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811.42700 (R)/5-1749: Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, May 17, 1949—7 p. m.

1276. Deptel 333, Mar 13. In our view Kremlin cannot abide anything less than absolute 100 percent control of spiritual (as of physical) nourishment Soviet peoples. By all odds greatest breach in this control was VOA and BBC broadcasts profiting by freedom of air. This confirmed first by their willingness combat thus advertise VOA in mass circulation media, now by prodigious and for time being almost entirely successful efforts to obliterate. Kremlin has invested lot of money people and material in that effort and we think ultimate answer must be in our willingness and ability invest more of same. To do less would be abandon any real hope of reaching Soviet peoples, of impeding their complete perversion and delaying or preventing catastrophe to which their despotic rulers would lead them.

Thus we think so [*Soviet?*] jamming program a basic long-range project. Though timing initial operation possibly motivated by desire withhold from Soviet population knowledge phenomenal success airlift and Soviet diplomatic surrender on Berlin (see Embtel 1215, May 11<sup>1</sup>), it may have been only usual Soviet effort complete project as present for Stalin by May 1. Anyhow major fact is Soviets must have spent year or more building and staffing jammers, and behind this lie 30 years proof that few aspects Soviet power more jealously guarded than sovereignty over minds. This our ground for belief Soviet jamming tactical but strategic operation directed at mastery of air which will not merely rest on present victory but seek keep constantly ahead in radio race. Also Soviets likely extend jamming to

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<sup>1</sup> Not printed.



VOA satellite programs and eventually even to non-satellite areas if able and deemed in Soviet interest. Hence important not consider Soviet intentions in merely "defensive" terms. Drive for air mastery is vital part of drive for world mastery.

Radio race therefore matter of decades, not years, and victory on this front depends ultimately on research for new techniques, while mid-range improvement our relative position calls for mass application existing techniques. While we are ignorant technical aspects, believe essential target next few years is build enough outlets to saturate air and make impossible for Soviets to broadcast for selves unless also listen to us. We feel closest collaboration with British and other like-minded nations probably essential such project. At same time urge that long-range research be given equal importance. Our relative superiority over Soviets is greater here, time on our side if best US and British brains resources pooled as in development A-bomb. Since armed forces also vitally concerned and have great resources, recommend joint project under a central research agency. This urged by Army, Navy, Air.

Though Soviet radio plans strategic, important be prepared for sudden tactical shifts. Possible, e.g., they cease jamming entirely some months if CFM results lead them assume mask of friendlier relations, or in order defeat supplementary appropriations for VOA. But Soviet long-range planning and building would certainly continue and enable them attack us in greater force when ready.

Little evidence yet gained on effect jamming on Soviet people. We believe large audience genuinely regret loss of sole source most world news, but this cannot conceivably become strong enough factor persuade Kremlin abandon policy. Only counter-measures which reduce Soviet communications to chaos likely bring Kremlin to terms, if ever. Though they at present extremely dependent short wave for internal communications, believe they will increasingly convert to medium wave and wire, and generally go to great expense and suffer severe inconvenience in order maintain information monopoly.

Meantime we believe sound policy continue VOA BBC bombardment all available transmitters all possible hours. Kremlin tends be more aggressive when resistance weakens. If VOA 100 percent blanked, people constantly reminded of voice seeking reach them with information which Kremlin fears.

Since presently getting through only rare intervals of few minutes, recommend programs highly condensed items so any break through will reward listener and spread by grapevine. Now unnecessary make program last 30-60 minutes.

Kremlin so far has not admitted or explained jamming to Soviet public. Believe explanation will be difficult, perhaps not attempted as in case many MVD practices. But we do not favor extensive VOA



feature re reasons jamming, view need make every minute intensely interesting. Occasional statement of facts, as at present perhaps even briefer, should suffice.

Urge immediate action on proposal move close to Soviet broadcasts including Tass News (Deptel 288, May 2; Embtels 1098, April 30, 1157, May 6, 1973 [1173], May 8).<sup>2</sup>

We able make fairly technical reports when needed since experienced electrical engineer available consultation on MA staff.

KOHLER

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<sup>2</sup> None printed.

811.42700 (R)/6-749: Airgram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

CONFIDENTIAL

Moscow, June 7, 1949.

A-586. The Department's A-51, March 5, 1949, stated a policy of using VOA Russian broadcasts to counter the falsehoods of Soviet propaganda, but disapproved the Embassy's recommendation that direct reference to Soviet sources be included. The Embassy believes that the latter point should be reconsidered, and offers the following reasons:

1. The basic reasons for citing chapter and verse when correcting false impressions are psychological.

a. The human mind, and particularly the Russian variety, occasionally perceives a connection between what it hears and what it has heard or read before, but usually it fails to do so unless the connection is specifically pointed out. To omit direct references to what we are refuting is therefore for the most part like shooting random instead of aiming at a target. We can be sure that most of it simply fails to register in the desired context.

b. Among the factors tending to evoke belief, one of the most potent is concreteness. Most people have little interest in abstract generalities and little capacity for understanding them or dealing with them; consequently such material tends not to attract attention or, if noticed at all, to be dismissed with a shrug. Conversely, every link with specific names, times and places tends to attract attention and carry conviction. This is probably the principal reason for the propaganda success of the Bucar book for example: here was a concrete person telling specific stories about actual people—quite a different thing from the monotonous impersonal vituperations of *Pravda* editorials.

2. The argument, used by A-51, that citing sources is a mistake because it "gives additional currency and prominence to falsehood" is a commonplace of public relations, but in the Embassy's opinion it has only limited validity which does not extend to the case under discussion. The problem is one of proportion: if the total volume of misinformation is very small in comparison to the volume of true information, then as a rule it is a mistake to give the former free advertising

by mentioning it at all. But inside the Soviet Union the situation is reversed. Even if VOA were not jammed, the flow of U.S. information into the USSR could not conceivably be more than a tiny stream in comparison to the huge output of Soviet media. This output is so full of anti-American lies that no direct refutation of them on our part could give them appreciably greater currency than they already have. The actual practice of the Department in its own press statements seems to be that of at least issuing a denial when a dangerously false view of some action or policy threatens to attain considerable currency, despite the fact that the denial may draw further public attention to the view that is denied. The Embassy believes that a similarly flexible approach should govern our information policy toward the USSR.

3. The danger of being lured into devoting too much of our output to the defensive, also cited by A-51, seems to imply mistrust of the Department's ability to continue making its own decisions, to rest on a misunderstanding of the Embassy's original recommendation, and to contradict the subsequent statement of A-51 that it is desirable to disseminate material "selected specifically to correct distortions . . . in Soviet propaganda." The Embassy's original recommendation (A-1105, November 1, 1948<sup>1</sup>) was only that "representative samples" of prevailing falsehoods be refuted, by no means that every instance be so treated, which would be physically impossible. The Embassy's proposal thus fits the Department's policy of seeking to discover and attack the underlying pattern of Soviet falsification, a policy with which the Embassy fully concurs.

For the foregoing reasons, the Embassy submits that vagueness of reference is not as a rule a virtue in that portion of our output which is designed to counter Soviet falsehoods, and recommends that specific illustrations be cited. The citations need not be lengthy. In keeping with the current necessity of making each item on VOA programs quite short, the citations should be brief in proportion. But the principle seems clearly supported by the balance of available evidence, and if put into practice it should contribute markedly to the agreed objective of discrediting Soviet media.

KOHLER

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<sup>1</sup> Not printed; but see telegram 1366 from Moscow on July 20 and telegram 2547 from Moscow on November 4, *Foreign Relations*, 1948, vol. iv, pp. 902 and 930.

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861.9111/6-749 : Airgram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

RESTRICTED

Moscow, June 7, 1949.

A-587. With reference to the Embassy's A-136 of February 10, 1949, the number of Soviet press articles published during the past fortnight reveal no slackening of interest in the subject of the "approaching" American economic depression. Federal Reserve Board and Bureau of Labor Statistics reports are cited as evidence of a



rapidly worsening economic situation characterized by falling production, rising unemployment and increasing incidence of bankruptcy. The *Journal of Commerce* is quoted to the effect that the US is experiencing a "cyclic slump" while official government statements that minimize the seriousness of the situation are dismissed as "official optimism".

Since June 1 there has been almost daily comment in the form of brief Tass bulletins on the slump of the Wall Street stockmarket. The effect of the slump on other Western countries is also noted: Prime Minister Chifley<sup>1</sup> of Australia is reported as saying that the crisis in the US "would certainly be reflected in the economy of the whole world"; to the *New Statesman and Nation* is attributed the remark that the annual British Labor Party conference will be held "at a time of approaching crisis in the US".

Comment on the domestic effects of the "crisis" in the US is generally along familiar lines: as the economic position worsens, the American *bourgeoisie* is strengthening its assault on the working-class; ERP, the "armaments race", the Truman Doctrine as applied to Greece and Turkey—all are devices, albeit ineffectual, to stave off the economic crisis.<sup>2</sup>

KOHLER

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<sup>1</sup> Joseph Benedict Chifley was Prime Minister and Treasurer in the Labor Cabinet in Australia.

<sup>2</sup> In a renewal and expansion of these views in airgram A-638 from Moscow on June 18, the Embassy again drew attention to the "heightened interest in the 'fast-approaching' economic crisis . . . advancing on the United States" evinced by the press of the Soviet Union. It had emphasized the theme that the economic difficulties of the United States were "making themselves felt in other countries, and the inference is made quite clear that the whole interrelated capitalist structure is beginning to rock." The periodical *New Times* for June 8 "applied the Leninist doctrine of capitalism's inherent contradictions to the present situation and found world capitalism experiencing an 'aggravation' of its general crisis", from which it concluded that "the capitalist economy is revolving in a vicious circle of contradictions from which it is unable to escape." (S61.9111/6-1849)

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S61.111/8-2449

*Revised Information Sheet From the Embassy in the Soviet Union*<sup>1</sup>

Moscow, June 16, 1949.

#### INFORMATION CONCERNING SOVIET EXIT VISAS<sup>2</sup>

Under Soviet law no person living in the Soviet Union may depart from the country without the permission of the Soviet Government in

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<sup>1</sup> This document was originally transmitted to the Department of State as an enclosure to despatch No. 343 from Moscow on June 16, 1949. The copy here reproduced was sent as an enclosure to a Foreign Service Operations Memorandum from Moscow on August 24, 1949, in response to a request from the Department on August 10.

<sup>2</sup> This version is a revision and an enlargement of the Information Sheet enclosed with despatch No. 178 from Moscow on February 10, 1948; *Foreign Relations*, 1948, vol. iv, p. 807.



the form of an exit visa. This regulation applies not only to Soviet citizens but to foreigners as well, including diplomatic personnel. Except in the case of diplomatic personnel and other representatives of foreign governments who receive their visas through the Ministry of Foreign Affairs in Moscow, applications for such visas must be made in the administrative center nearest the applicant's place of residence to the appropriate office of the *Militsiya*, or police, which in the Soviet Union is an agency of the central Government, being a branch of the Ministry of Internal Affairs or M.V.D.

Such visas are issued with comparative readiness to foreigners who recently arrived in the Soviet Union with passports properly visaed by Soviet officials abroad, though even such persons may frequently experience considerable delays. For many years, however, it has been extremely difficult, and for the past two years virtually impossible, for all other persons to obtain exit visas. In the case of those who may be claimed by any possible interpretation of Soviet law to be Soviet citizens, it is safe to say that the present Soviet policy is to issue no exit visas for travel to the United States for any reason, however compelling, except the official business of the Soviet Government. No Soviet citizen whose request for an American visa was not officially sponsored by the Soviet Government has received a Soviet exit visa for travel to the United States since October 1947.

There are now on record with the Embassy the cases of approximately 5,500 persons who at some time since 1940 (in almost all cases, at least three years ago) have informed the Embassy of their desire to travel to the United States. The great majority of these persons were neither residents nor citizens of the Soviet Union before 1939, but acquired Soviet citizenship automatically as residents of territories annexed during or since the recent war. Of this group approximately 2,000 have presented claims to American citizenship; about 3,500 have no such claim but are applying for American immigration visas.

To the Embassy's knowledge, only 76 of these 3,500 non-American citizens have succeeded in departing from the U.S.S.R. since 1940, and of these 76 at least 41 were not Soviet citizens but citizens of other countries or of no country at all, 33 of them were given exit visas not for travel to the United States but for repatriation to Poland as Polish citizens under a Soviet-Polish agreement. However, even this slow rate of departure has been checked since 1947. In that year exit visas were issued to Soviet citizens in this group in only 3 cases, all exceptional. Two of these cases involved the American-born widows of prominent Soviet citizens and the alien minor child of one; the third, the alien minor child of an American-citizen mother who was also the widow of a Soviet citizen. Since that year no Soviet citizen in this group has received an exit visa, and only one other non-American citizen has been able to immigrate to the United States from the Soviet Union.

Of about 350 Soviet wives of American citizens who have applied for permission to depart from the Soviet Union to join their husbands, not one has received a visa since August 1946. 97 of this group are the wives of veterans, and the great majority of them were already married when they became Soviet citizens in the manner indicated above. In connection with the problem of obtaining exit visas for fiancées of American citizens it should be noted that a decree of the Soviet Government published on February 15, 1947, forbids Soviet citizens to marry foreigners.<sup>3</sup>

Of the approximately 2,000 claimants to American citizenship mentioned above, the Embassy and the Department of State have been able to verify the claims of about 600. The claims of approximately 250 more are now before the Department of State for decision, and about 100 others have proved not to be American citizens or to have lost their citizenship. The majority of the remainder probably have valid claims, but the Embassy has had difficulty in collecting sufficient information in many cases to justify a decision, usually because after receiving an applicant's initial letter the Embassy has been unable to communicate with him further. In many such cases the Embassy's letters remain unanswered or are returned undelivered. In a few cases the returned letters indicate the applicant's departure from the U.S.S.R. to Poland or some other country, perhaps as a Polish citizen under the agreement mentioned above; in other cases, merely that his whereabouts are not known. In still other cases, letters from applicants have indicated that they had not received the Embassy's letters or that they had written earlier letters which did not reach the Embassy. In such circumstances the figures given above are necessarily inexact, but there are in all probability between 1,800 and 1,900 persons still residing in the Soviet Union who have valid or potentially valid claims to American citizenship and desire to return to the United States but cannot obtain the permission of the Soviet Government to do so.

The great majority of these persons are dual nationals; that is, while their claims to American citizenship are valid, they are at the same time considered by the Soviet Government to be Soviet citizens. The Soviet Government, however, does not admit the possibility that one of its citizens can at the same time possess the citizenship of another country, and such persons are considered under Soviet law to be Soviet citizens only. Like other Soviet citizens they have been seldom in the past and never in recent years permitted to leave the country for personal or family reasons. Since 1940 only 17 such persons have received exit visas; since December 1946, none.

Under a strict interpretation of the appropriate Soviet laws, only persons who actually possessed the citizenship of the country whose

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<sup>3</sup> See telegram 1203, Moscow, April 5, 1947, and footnote 1, *Foreign Relations*, 1947, vol. IV, p. 722.



territory was annexed became Soviet citizens; a foreigner living on that territory did not. Some of the persons mentioned above were actually citizens of the country in question. Many were born in the United States of foreign parents and thus acquired the right to their parents' citizenship at birth as well as to that of the United States. However, all such persons were not necessarily citizens of those countries. Pre-war Poland, for example, had a law which forbade such persons to claim both citizenships at once, but it did not insist in most cases that they keep their Polish citizenship if they had a right to, and wished to claim, another citizenship. Such persons if they came to Poland on American passports were considered to be American, and not Polish, citizens, and others who had lived as Polish citizens were allowed to leave the country on American passports and were then no longer Polish citizens.

The Soviet authorities themselves at first recognized that many such persons were not Soviet citizens and issued them residence permits identifying them as foreigners or as persons with no citizenship. Up to 1947 such persons were often allowed to leave the country. In 1948, however, only three of more than 50 American citizens not previously claimed as Soviet citizens were able to leave. None have left so far in 1949. Of the rest, many who obtained American passports and tried to obtain exit visas have had their residence permits and their passports taken away and have been declared Soviet citizens. Since it is a serious offense in the Soviet Union to live without proper documents, these persons face the threat of fine, imprisonment, or worse, if they then insist on their American citizenship and refuse to accept Soviet passports.

In this way the Soviet Government has claimed as its citizens because of alleged former Polish citizenship, persons who still had in their possession Polish documents identifying them as foreigners, children whose fathers had lost Polish citizenship by American naturalization before the children's birth, and women who had lost their claim to Polish citizenship by the American naturalization of their husbands. Poland is taken only as an example since the Soviet position is the same in connection with the other countries part or all of whose pre-war territory has been annexed by the Soviet Union. In general, the Soviet Government appears to interpret the laws of these countries to mean that they, like the Soviet Union, regarded their citizenship as obligatory and compulsory for all who had any possible claim to it and emigration to another country as an attempt to escape one's duties to the state.

It should also be noted that in most cases even those American citizens who are also clearly Soviet citizens under Soviet law acquired Soviet citizenship through no choice of their own. Soviet agreements with Poland and Czechoslovakia by which certain people had



a choice of citizenship were limited by the persons' "nationality", a term which in the Soviet Union refers not to citizenship but to racial or ethnic origin. In the case of Poland, for instance, this right was open to persons of Polish or Jewish "nationality" only. Those of Russian or Ukrainian "nationality" were allowed no choice.

Some persons recognized by the Soviet Government as American citizens have been given exit visas only to have their wives and children who were Soviet citizens refused permission to accompany them or join them later.

The Soviet Government refuses to admit that the Embassy can have any legitimate interest in persons considered to be Soviet citizens. When the Embassy has requested the issuance of exit visas to such persons, the Soviet Ministry of Foreign Affairs has replied merely that as Soviet citizens they might apply for visas under the regulations established for Soviet citizens, in other words, that the matter was none of the Embassy's business. Since such requests not only do not help the persons involved but may also attract to them the unfavorable attention of the Soviet authorities, the Embassy has ceased presenting direct requests to the Soviet Government in recent months except in the cases of persons who, in the Embassy's opinion, cannot legally be regarded as Soviet citizens. In most cases the best that can be done for all others is to provide them, for presentation to the local authorities, with certificates of their status, and of the desire and ability of their relatives to care for them in the United States, and to inform them of the necessary procedure in applying for exit visas. The Soviet authorities still allow such applications, though they are often made difficult by requests for numerous documents or other technicalities. A final decision, however, may take a year or more, and, as indicated above, the applicants do not get visas.

Even in the cases of persons who, on the basis of all evidence available to the Embassy, cannot legally be considered to be Soviet citizens, the Embassy's efforts, as shown above, have had little effect. The facts of the persons' citizenship are frequently incorrectly stated by the Soviet authorities, and even when the actual facts are pointed out, the Ministry of Foreign Affairs has never changed a decision that a person was a Soviet citizen, once that decision had been communicated to the Embassy.

In such circumstances the decision as to a person's departure from the Soviet Union obviously rests with the Soviet Government and not with the Embassy, nor is it noticeably influenced by the Embassy's efforts or by such humanitarian factors as tragic family separations. None of the few who have left in recent years had received more help from the Embassy than many others who failed to obtain exit visas. The two widows of Soviet citizens who obtained exit visas in 1947, for example, did so without the Embassy's help. The alien child of an

American mother who received a visa in the same year, had been the subject of strong representations on the Embassy's part, but all the Embassy's efforts in another similar case, including a personal approach by the Ambassador to one of the Deputy Foreign Ministers, have had no effect. The one non-American citizen mentioned above as receiving an exit visa since 1947 was a boy who had lost both his parents in a German concentration camp and had no living relatives except in the United States. However, many others whose cases are equally appealing, and one whose case is virtually identical, have received as much help from the Embassy as this boy and have not received visas. For example, in the cases of eighteen children with both parents; or the only surviving parent, in the United States, the only effect of the Embassy's efforts, including a personal appeal by Ambassador Smith to Mr. Vyshinski, the then Deputy Foreign Minister, has been that a number of them have been declared to be Soviet citizens.

The Embassy sympathizes deeply with American citizens separated from relatives in the Soviet Union and will continue to do whatever it considers possible and advisable to help them. It has, however, no means of compelling a change in Soviet policy and can offer no assurance that any resident of the Soviet Union, whatever his citizenship, will be able to secure an exit visa for departure to the United States. The Embassy must further continue to refrain from taking action in individual cases whenever it seems likely that such action would only increase a person's difficulties with local Soviet authorities.

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361.1115/6-1849: Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, June 18, 1949—2 p. m.

1557. Recent Foreign Office note,<sup>1</sup> first of kind received by Embassy, lists as released 32 persons concerning whom Embassy had made representations (reurtel 96, repeated Department 927<sup>2</sup>). While Embassy doubtful any released in response US efforts and subsequent to Hays letter,<sup>3</sup> must check date of release in six cases with other missions. In other cases, no recent representations in view doubtful claims to

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<sup>1</sup> Note No. 36 of May 7, 1949, from the Ministry of Foreign Affairs, is not printed; but see despatch No. 566 from Moscow on October 6, p. 664.

<sup>2</sup> In this telegram, not printed, from James W. Riddleberger, the Counselor of Mission in Berlin, on June 13, inquiry was made whether there had been "any further developments regarding proposed exchange Soviet prisoners Germany for US citizens Soviet Union", and advice was requested whether the prohibition should be continued against the repatriation of Soviet prisoners in Germany. (361.1115/6-1349)

<sup>3</sup> A letter from Maj. Gen. George P. Hays to Maj. Gen. M. G. Yurkin on January 7, 1949, is not printed; but see telegram 1411 to Moscow on December 21, 1948, and footnote 1, *Foreign Relations*, 1948, vol. iv, p. 942.



American citizenship or previous information from non-Soviet sources that persons released long ago. In view number listed and timing, seems probable this note a reaction to Berlin approach. Appears to be attempt to exchange Soviet citizen prisoners in Germany for very dead horse.

Embassy strongly recommends continue hold prisoners for time being, otherwise impression would be that US had given credit where none was due. If investigation shows any of six cases released after date Hays letter and any likelihood their getting out of East Europe, Embassy will recommend release of equal number of Soviet citizen prisoners. Would appreciate receiving your views and information whether second note sent as suggested Embassy's A-251, March 11.<sup>4</sup>

Sent Berlin 160, repeated Department 1557.

KOHLER

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<sup>4</sup> The Department in its telegram 492 (repeated to Berlin as No. 760) on July 5, not printed, expressed its approval of the recommendation given in this telegram from Moscow, as well as in telegram 1003 from Berlin on June 24, not printed, that Soviet criminal prisoners in Germany should "be retained in custody pending clarification reported release 32 claimants Amer[ican] citizenship." Any action should await the recommendation of the Embassy in the Soviet Union, based on the results of its investigation, together with the concurrence of the Department. (361.1115/6-2449) Telegram 1003 from Berlin had also been repeated to Moscow as telegram 102, and had answered that a second note, as suggested in airgram A-251, had not been sent "to Soviet authorities in absence of comment from Department." (361.1115/6-2449)

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861.00/7-649

*Report Prepared by the Division of Research for Europe, Office of Intelligence Research, Department of State*<sup>1</sup>

TOP SECRET

[WASHINGTON,] July 1, 1949.

OIR Report No. 4998

### SOVIET INTERNAL SITUATION

AN ANALYSIS OF THE THESIS THAT SOVIET INTERNAL WEAKNESSES CONSTITUTE THE DETERMINING FACTOR IN CURRENT SOVIET FOREIGN POLICY

#### *Foreword*

The purpose of this study is to analyze, in the light of available information, the thesis that the Soviet Union is suffering from internal weaknesses of such dimension as to affect the stability of the regime, to imperil Soviet control over the satellites, or to force a radical weakening of Soviet foreign policy.

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<sup>1</sup> Information in the files of the Department of State appears to indicate that this study was prepared at the suggestion of Under Secretary of State James E. Webb. A copy of this report was sent to the Secretary of State on July 6 by W. Park Armstrong, Jr., Special Assistant for Research and Intelligence. A copy was also sent to the Embassy in the Soviet Union as an enclosure in instruction No. 80 on July 22, not printed. (861.00/7-2249)



The paper addresses itself to an examination of this thesis, and does not purport to be a definitive balance sheet of strengths and weaknesses in the Soviet system. At the same time it does not undertake to make a comparison between the Soviet Union and the non-Soviet world.

It should be borne in mind that the term "weakness" is by its nature relative to something else and that while the available evidence does not support the thesis that the current and even chronic weaknesses of the Soviet system are such as to force a radical alteration in Soviet foreign policy, the intrinsic weakness of the Soviet Union in relation to the Western world is unquestionably a factor influencing Soviet foreign policy.

The paper was prepared in the Intelligence Organization of the Department of State with the collaboration of other appropriate areas, especially the Eastern European Division of EUR. . . . It is believed that all pertinent materials available to the Government have been utilized.

It is important to note, however, that the total of information available to the Government is subject to serious limitations. Soviet leaders, whatever their other shortcomings, have proved most efficient in preventing leakage of information. Moreover, of the information that is released, some represents exaggeration and even fabrication. Over a period of years the intelligence agencies have developed special techniques for unearthing, piecing together, checking and counter-checking data and can thus reach reasonably comprehensive and accurate approximations. Nevertheless, there remain gaps in our information, and there is always the risk of error with respect to one or another particular point.

The lack of information regarding some sectors of Soviet life may prevent the disclosure of disaffection where it actually exists. Lack of information regarding disaffection would, however, indicate that it is insufficiently widespread to constitute a serious threat to the stability of the regime.

### *Conclusions*

1. On the basis of a thorough examination of all available evidence, it can be concluded that no developments have recently taken place in the USSR, or its satellites, which have produced a sufficiently serious weakness to force the Soviet Government to offer substantial concessions to secure either an international settlement or otherwise to attempt to secure relief from immediate pressures.

The Soviet Union simultaneously faces (a) the inherent strains of any government that rules by repression and fails to provide its people a satisfactory standard of living, (b) the deficiencies inherent in an autarchic economy, (c) the problems that result from the rapid ac-

quisition of control over foreign and basically hostile countries, and (d) historical difficulties intrinsic to the Russian and satellite area.

On balance, however, these strains are no more acute than at any other time during the postwar period. In point of fact, the current position is, generally speaking, better than at any time since the war. The Soviet Union at present is therefore faced with no crisis which would necessitate a change in its basic policy.

*a.* The Communist Party is more firmly entrenched in power than at any time in history. Its domestic prestige is at an all time high and it now has more roots in the people.

*b.* There is no evidence of dissension within the Party sufficient to threaten collapse or serious weakening from within, at least as long as Stalin remains a factor.

*c.* There is no evidence of instability in the Soviet governmental apparatus; with few exceptions, administrative reorganizations and personnel shifts in recent months have been designed to effect a much needed increase in efficiency.

*d.* There is no evidence of intention or capability on the part of the armed forces to challenge the mastery of present leaders.

*e.* There is no evidence that the morale of the people offers a threat or causes serious concern to the Communist regime, though there is evidence of continued indifference and lassitude on the part of many, and active discontent on the part of some.

*f.* Any threat to the present regime resulting from extensive contacts between Soviet forces and non-Soviet Europe during the war appears, on the basis of all available evidence, to have been eliminated.

*g.* Desertions from Soviet armed forces to Western zones of occupation have not been sufficiently numerous to indicate other than a minor problem for Soviet rulers.

*h.* No organized opposition groups, open or underground, capable of threatening the stability of, or seriously embarrassing, the Soviet regime are known to exist in the USSR.

*i.* The Communist Party has, through propaganda, thought control, enforcement of isolation from foreign contacts, and controlled education, succeeded in so conditioning the minds of the people as seemingly to preclude, except in a crisis, the development of an effective opposition movement.

*j.* Soviet military strength has shown no deterioration, but is slightly greater today than a year ago.

*k.* There is no evidence that the Soviet economy is subject to any immediate critical weaknesses. Reconstruction and rehabilitation has progressed to a point where by June 1949 the over-all level of economic activity is probably at least as high as in 1940.

*l.* Despite certain bottlenecks, production of key commodities—steel, power and fuels, machinery and equipment—is adequate to enable not only maintenance of the present level of activity but also some expansion, approximating demands of the Fourth Five-Year Plan (1946–1950).

*m.* Transportation facilities, a weak element in the Soviet economy, are adequate to meet essential needs.



*n.* Although production of consumers' goods is behind Plan goals, and production of food under the 1940 level, output has been sufficient to permit a slow but steady rise in urban living standards during the past two years. Living standards, however, still do not equal the prewar level.

*o.* Curtailment of trade between the USSR and the West has been important qualitatively, intensifying certain bottleneck conditions, particularly with respect to tin, spare parts, bearings, precision instruments, and electrical equipment. This has not interfered greatly with Plan fulfillment, nor has it seriously affected the functioning of the Soviet economy.

*p.* Soviet domination of the satellites has resulted to date in benefits to the USSR far in excess of costs.

*q.* The economies of the satellites themselves have suffered from both Soviet exploitation and difficulties incident to a sweeping social revolution. They have also been handicapped by their forced orientation toward the East, especially with respect to requirements for machinery, key raw materials and technical assistance. Nevertheless, difficulties are not sufficiently serious (1) to prevent maintenance of approximately the present level of activity; (2) to force abandonment of the political-economic systems that have been established since the war; or (3) to precipitate a desperation move to break the hold of the USSR.

*r.* Control of the satellites by local Communist regimes is sufficiently firm to cope with local pressures. In turn, Soviet control of these regimes, Yugoslavia excepted, appears beyond successful challenge by internal forces.

*s.* The defection of Yugoslavia constituted a serious setback for the USSR strategically, economically, militarily, and ideologically. The resultant pressure has not caused the Soviet regime significant difficulties or jeopardized the Soviet hold on the orbit as a whole. With respect to the latter, in fact, Tito's defiance has led Moscow and Moscow elements in local Parties to reexamine their positions, tighten lines of control, eliminate weak or insecure areas, and proceed with the political, economic, and military integration of the remaining orbit area.

*t.* In the international sphere, the triumphs of the Chinese Communists and the apparently growing influence of Communist groups in Southeast Asia constitute positive gains for the USSR. In contrast, the USSR has suffered reverses in Europe, including the growing economic, political, and military collaboration of the Western countries, the unification of Western Germany and its increasing orientation toward the Western system, the recent decline of the French and Italian Communist parties, and the failure of guerrilla efforts in Greece. It should be emphasized, however, that these reverses did not affect anything which the USSR already possessed, but rather contributed to the erection of barriers against further expansion. They should be looked upon less as sources of weakness than as failures to gain strength.

*u.* The Kremlin may consider, moreover, that the effect of these reverses will be short-lived. Soviet leaders profess to see in current economic trends in the West, particularly in the US, definite signs of



an unfolding depression. In terms of their ideology, such a development would result in the replacement of laboriously built Western unity with rivalry and conflict, the increasing orientation of the depression-ridden Western state toward the "economically stable" Soviet sphere, and a rapid rise in the appeal of Communism to the masses.

2. The improved situation of the USSR should not obscure the fact that the Soviet system, domestically and in the satellites, has important intrinsic elements of weakness. These have the effect of making the system vulnerable either to outside pressures or to unfavorable internal developments. Within the Soviet Union, of great potential importance are the lack of any known line of succession after Stalin's death; the nationalist feeling among most of the minority peoples; the irreconcilability between Soviet thought-control and human propensity for self-expression, particularly among the intelligentsia; the latent dissatisfaction of the peasantry; the limited supply of certain critical materials, such as oil, precision tools, various machinery, special purpose bearings, etc.; the shortage of skilled labor and technicians; and the wide discrepancy between claims and realities of Soviet life. Within the orbit, vulnerability is even greater, due to the traditional hostility of many of the people toward the Russians; cultural affinity for the West; traditional intra-orbit hostilities; strong church organizations in certain areas; a strong attachment of the peasantry to private land holding; non-complementary nature of the orbit and Soviet economies; acute need for Western materials; and numerous others.

3. Similarly, the absence of immediate weakness in the USSR does not mean that it possesses a preponderance of basic power as against the US, not to mention the Western world as a whole. Although the USSR possesses the greatest striking force on the Eurasian continent and a geographic position that enhances its defensive capabilities, Soviet war potential, including the orbit, is definitely inferior to that of the Western powers, even without taking account of the atom bomb. So long as this remains true, it appears unlikely that the Kremlin will deliberately precipitate a major conflict, or—barring the ever present possibility of miscalculation—undertake an adventure which would involve an obvious and real risk of precipitating a major conflict. Further, there is a strong possibility that if a dispute in an existing area of conflict should definitely threaten war, the USSR would, during the period of its inferior war potential, back down before permitting the matter [to] come to a test of arms, again barring the chance of miscalculation.

[The remaining 65 typewritten pages of this Report are not printed. The topics treated are arranged under these major headings: I. Internal Political Situation of the Soviet Union; II. Internal Economic

Situation of the Soviet Union; III. The Economy of the Soviet Orbit and the Problem of the East-West Trade; IV. The Political Situation of the Soviet Orbit; V. Soviet Military Strength; VI. China as a Potential Satellite; VII. Present International Position of the USSR; and VIII. The International Prestige of the Soviet Union.]

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861.404/6-2449

*The Chargé in the Soviet Union (Kohler) to Mr. Fëdor Terentyevich Orekhov, Chief of the United States Division of the Ministry of Foreign Affairs of the Soviet Union*<sup>1</sup>

Moscow, July 2, 1949.

MY DEAR MR. OREKHOV: I should like to refer to our conversation on April 18 and to my letter to you of March 18, 1949,<sup>2</sup> concerning the issuance of a Soviet visa to the Reverend John Odillon Arthur Brassard who has been designated to replace the Reverend G. Antonio La Berge in Moscow. I have not yet received a reply to either of my inquiries.

As you know the interest of my Government in this matter arises from the agreement concluded between President Roosevelt and Mr. Litvinov in November 1933 which provided that the Government of the U.S.S.R., while reserving to itself the right of refusing visas to Americans desiring to enter the Soviet Union on personal grounds, did not intend to base such refusals on the fact of such persons having an ecclesiastical status.

It is now almost two years since Reverend Louis Dion applied for a Soviet visa to come to Moscow to replace Father La Berge.<sup>3</sup> Father Dion's application was withdrawn and Father Brassard's visa application substituted therefor on February 3, 1949. Father La Berge, while on a short visit to the United States, was orally informed by the Soviet Embassy in Washington on February 26, 1949 that his Soviet re-entry visa had been cancelled. Thus for more than five months American citizens in Moscow have been without the services of an American clergyman.

I have been instructed once again to bring this matter to the atten-

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<sup>1</sup> A copy of this communication was sent to the Department of State as an enclosure in despatch No. 372 from Moscow on July 2, 1949.

<sup>2</sup> Not printed.

<sup>3</sup> In regard to the replacement of Father Laberge in Moscow by another priest, and of the attempts to obtain a visa for the Reverend Louis Ferdinand Dion, see the memorandum of May 16, 1947, *Foreign Relations*, 1947, vol. iv, p. 560, and the memorandum of May 14, 1948, *ibid.*, 1948, vol. iv, p. 867.



tion of the Soviet Government and to request that a decision be made in the earliest future on the visa application of Reverend Brassard.

Sincerely yours,

Fox D. KOHLER

811.50/7-749 : Airgram

*The Ambassador in the Soviet Union (Kirk)*<sup>1</sup> to the Secretary of State

[Extract]

RESTRICTED

Moscow, July 7, 1949.

A-705. Reference is made to the Embassy's A-638 of June 18, 1949,<sup>2</sup> and to previous reports on Soviet press treatment of the economic crisis which allegedly is advancing on the U.S. During the period since June 18, this subject has gained in prominence to the extent that it now is the theme most consistently emphasized in the Soviet press. Each day brings new reports on some phase of the economic difficulties of the U.S. and the capitalist world in general, and so numerous are these articles that the Moscow newspapers have adopted the practice of arranging them in order so that the Soviet reader may better trace the spread of economic depression throughout the capitalist system.

A typical example was *Pravda* of June 30 which arrayed together, in two adjoining columns, Tass reports under the following headlines: "Anglo-American Economic Contradictions"; "Harriman<sup>3</sup> Confers with Cripps";<sup>4</sup> "Reduction of Britain's Dollar and Gold Reserves"; "How They Maintain High Prices in Denmark"; "Deterioration of Economic Situation in United States"; "Share Prices Fall on New York Market"; "Deficit in Budget of U.S. Government"; and "Catastrophic Financial Situation in South Baden".

The dominant theme within this general subject has now become the thesis that the inherent contradictions of capitalism are being sharpened as disaster approaches the capitalist world. This applies, of course, to all capitalist countries but has particular reference to Britain and the U.S., which are depicted as historical and natural enemies. Needless to say, the Soviet press has pointed up alleged U.S.-British differences on the Anglo-Argentine trade agreement, on the matter of inter-European payments under the Marshall Plan, and U.S. efforts to secure the devaluation of the pound sterling. In general,

<sup>1</sup> Vice Adm. Alan Goodrich Kirk presented his letters of credence as Ambassador on July 4 to Nikolay Mikhailovich Shvernik, President of the Presidium of the Supreme Council of the Soviet Union, and assumed charge of the Embassy.

<sup>2</sup> Not printed.

<sup>3</sup> W. Averell Harriman was United States Representative in Europe under the Economic Cooperation Act of 1948, with the rank of Ambassador.

<sup>4</sup> Sir Stafford Cripps was Chancellor of the Exchequer in the Labor Cabinet of Prime Minister Clement R. Attlee.



the U.S. is represented as increasing her pressure on all "Marshallized" countries in desperate efforts to postpone her own inevitable crisis and to mitigate its effects.<sup>5</sup>

KIRK

<sup>5</sup> Excerpts from an editorial in *Pravda* of July 5, illustrative of the current propaganda on this general subject in the Soviet Union, which concluded this telegram, are omitted.

The obsession about the economic crisis in the United States continued to excite the Soviet press through this year. The Embassy sent along some statistics and indicators about this crisis in telegram 2712 from Moscow on October 28. It quoted a judgment from *New Times* of October 26: "Barometer economic life leading capitalist country falling, showing further development crisis. Such is inexorable actuality." (811.50/10-2849) Telegram 3048 on December 8 told of an article in *Pravda* of that day which portrayed a sad picture of the economic situation in the United States and declared that "many government experts expect further drop in economic activity during second half coming year" with prospects of "concomitant increase unemployment." (811.50/12-849) Even a cartoon illustrating the "Approaching Economic Crisis in the United States" which had been printed in *Komsomolskaya Pravda* for December 18, was sent in despatch No. 812 to the Department on December 27. (811.50/12-2749)

861.4212/7-849: Airgram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

[Extracts]

CONFIDENTIAL

Moscow, July 8, 1949.

A-713. Eugene Varga's name has appeared in the Soviet press for the first time since his recent confessional (reEmbtel 1093, April 29). He is listed as one of the members of the Presidium of the Academy of Sciences, USSR, who will direct the "practical application of scientific and technical achievements to the national economy". This may possibly signify that Varga has, in the words of the reference telegram, taken the "first step on the road to complete restoration" as a top-flight economic theorist.

Of some interest is the manner in which the announcement made its appearance as well as the names of the other Soviet scientists and theoreticians associated with Varga in this project—notably Lysenko<sup>1</sup> and A. F. Joffe.<sup>2</sup>

Soviet authorities, for reasons best known to themselves, chose the June 26th issue of *Sovetskaya Litva* as the medium for publication of

<sup>1</sup> Trofim Denisovich Lysenko was an agronomist and biologist, a member of the Academy of Sciences of the Soviet Union, whose unorthodox theories in genetics on the influence of heredity or environment in determining the characteristics of organisms had recently provoked a bitter conflict, which persisted for many years, among scientists in the Soviet Union and the Western World.

<sup>2</sup> Abram Fëdorovich Ioffe was an eminent and influential physicist of much versatility, a professor and organizer, and a member of the Academy of Sciences.

a brief undated Tass item, a translation of which appears in the following paragraph.<sup>3</sup>

Coincident with Varga's reappearance in good company, his chief opponent throughout the Varga "affair", K. V. Ostrovityanov, received his first public chastisement in the form of a signed article which appeared in *Culture and Life*, June 30.<sup>4</sup>

This criticism of Ostrovityanov does not necessarily mean his eclipse by a reascendant Varga but it is interesting to note the coincidence of the publication of the criticism and the news of Varga's new assignment. Future developments will be watched carefully and reported as they occur.

KIRK

<sup>3</sup> Not printed. This Tass bulletin stated that "a series of organizational questions was considered" at the meeting of the Presidium of the Academy of Sciences. The better to solve these problems of the practical application of achievements to the national economy "responsibility was divided among various members of the Presidium" who were qualified in particular fields. Varga was assigned responsibility "for economics and law."

<sup>4</sup> The detailed criticism of Konstantin Vasilyevich Ostrovityanov, as the Director of the Institute of Economics of the Academy of Sciences, for the unsatisfactory work of the State-Planning Publishing House (Gosplanizdat), which had failed "to guarantee the preparation of serious technical works on the most important problems of socialist economy", is omitted.

123 Kirk, Alan G.

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

CONFIDENTIAL  
No. 382

Moscow, July 11, 1949.

SIR: I have the honor to refer to the letter of instruction addressed to me on May 23, 1949, by the Acting Secretary of State concerning my appointment as Ambassador Extraordinary and Plenipotentiary of the United States to the Union of Soviet Socialist Republics.<sup>1</sup>

On Saturday, July 2, I called upon the Minister for Foreign Affairs, Mr. A. Ya. Vyshinski, and handed to him a formal letter informing him of my designation as Ambassador of the United States and requesting an early opportunity to present my letter of credence to His

<sup>1</sup> Letter of May 23, not printed. Lt. Gen. Walter Bedell Smith had formally resigned as Ambassador of the United States to the Soviet Union in a letter to President Truman which was accepted on March 25, 1949. (See *Foreign Relations*, 1948, vol. iv, p. 829.) The Minister for Foreign Affairs of the Soviet Union, Andrey Yanuaryevich Vyshinsky, gave the *agrément* to receive Vice Adm. Alan Goodrich Kirk as the new Ambassador in a letter of April 16. Admiral Kirk was nominated for the position by President Truman on April 20. He was at this time the Ambassador in Belgium and the Minister in Luxembourg.



Excellency N. M. Shvernik, President of the Presidium of the Supreme Soviet. A copy of this letter is enclosed for the Department's files.<sup>2</sup> At the same time I informally handed to Mr. Vyshinski an outline of the remarks which I proposed to make on the occasion of the presentation of my letter of credence. A copy of the outline of my remarks is enclosed.<sup>2</sup>

It is not generally the custom in Moscow to have an exchange of a formal address on the occasion of the presentation of a letter of credence by an incoming Ambassador unless the Ambassador makes a specific request therefor. I followed the local custom in this regard and upon presentation of my letter of credence to His Excellency N. M. Shvernik on July 4 at 1:00 p. m. there was only an exchange of brief oral remarks along the customary lines (reference Embassy telegram no. 1682, July 5, 1949).<sup>3</sup> As President Shvernik's remarks in answer to my brief address were entirely informal, no official copy is available.

Respectfully yours,

ALAN G. KIRK

<sup>2</sup> Not printed.

<sup>3</sup> By telegram 1675 from Moscow on July 4, not printed, Ambassador Kirk advised the Department of State that he had just presented his letter of credence to President Nikolay Mikhailovich Shvernik, and had assumed charge of the Embassy. In telegram 1682 from Moscow on July 5, also not printed, the Ambassador reported that in reply to the remarks he had made, Shvernik had touched on east-west trade relations, but had not returned to this subject in the short, private conversation which had followed the presentation ceremony. The telegram concluded with the information that at the reception given on the evening of July 4 at the Embassy on the occasion of Independence Day, Deputy Foreign Minister Andrey Andreyevich Gromyko had "appeared in street clothes heading group 8 purely official Russians out of 98 invited and was reasonably agreeable." (123 Kirk, Alan G.)

741.61/7-2149: Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

TOP SECRET

Moscow, July 21, 1949—1 p. m.

1804. In strictest confidence and with obvious concern lest we leak to press in Washington or here, British Ambassador<sup>1</sup> has given me following resume his conversation with Stalin. Kelly had previously told me of decidedly cool response of Vishinsky to his tentative suggestion such visit of courtesy made when first visiting Foreign Minister and before presenting letter of credence. Late Sunday Kelly told me that to his surprise he had been informed late Saturday that appointment to see Stalin had been made for 10 p. m. Monday July 18. Mean-

<sup>1</sup> Sir David Kelly had arrived in Moscow on June 24 and had presented his letter of credence to Shvernik on June 30. His description of this interview with Stalin is in his book *The Ruling Few, or the Human Background to Diplomacy* (London, Hollis & Carter, 1952), pp. 429-431.



while Bevin<sup>2</sup> had sent instructions to guide Kelly in case Stalin received him.

After usual polite opening British Ambassador covered following points:

(1) Both UK and Russia suffered serious material damage during war, had similar problems reconstruction, and were now in position to help each other in restoring and replacing devastation by exchange basic materials and goods. Stalin assented. However no elaboration concerning east west trade occurred.

(2) Having fought side by side in two wars against Germany and made common cause against despotism British Government felt two nations could live together in concord even if political philosophies were different, reminding Stalin he himself had said two systems Communism and capitalism could exist side by side. To this Stalin assented, but when Kelly went on to say therefore unreasonable to suppose UK held any aggressive intentions directed at Soviet Union, Stalin at once interjected, "How about Atlantic Pact?"

(3) Pact entirely for mutual support and aid, character purely defensive said Kelly and not directed against anyone or any nation especially Soviet Union. Stalin asked then why are American forces in England?

(4) Kelly speaks of community of interests between US and UK and their pacific intentions, continuing NAT really no different than Soviet treaties with neighbors. Stalin quickly says, "No, our treaties are directed solely against Germany".

(5) Kelly then shifts to express hope he may more often be allowed explain British Government's position on matters of mutual interest saying Bevin felt more thorough diplomatic preparation should precede meetings CFM and other conferences, and that British delegations never knew in advance what Soviets had in mind thus losing valuable time Foreign Ministers and issues sometimes got confused. Kelly said in other posts he always was accustomed to have such exploratory talks with Foreign Minister. Stalin replied, "You will be given every facility", but Vishinsky looked sour.

(6) Kelly continued so far his time here rather more consumed as was that of predecessor in minor administrative matters affecting his Embassy personnel, including girl troubles. Stalin laughed heartily at last remark and after some further banter reception was over.

Meeting lasted about 35 minutes, participants Kelly and Harrison,<sup>3</sup> then Stalin, Pavlov<sup>4</sup> (who interpreted) Vishinsky and aide. Generalissimo appeared to be in good health but showed his age, was vigorous mentally and was keen and alert.

In event your information from British sources regarding this con-

<sup>2</sup> Ernest Bevin was British Secretary of State for Foreign Affairs.

<sup>3</sup> Geoffrey Wedgwood Harrison was in the British Embassy in the Soviet Union, with local rank of Minister; at times he was Chargé d'Affaires.

<sup>4</sup> Vladimir Nikolayevich Pavlov was an interpreter and translator in the Ministry for Foreign Affairs of the Soviet Union, frequently the personal interpreter for Stalin and Molotov, who became Chief of the Second European Division (for United Kingdom Affairs) in 1949.

versation shows discrepancies or elaborations,<sup>5</sup> please inform me thereof, but my impression of British Ambassador is one of complete and confident collaboration.

It had been my intention to ask for interview some time this summer prior Stalin departure for south which apparently usually occurs late August. This will be discussed in following telegram.<sup>6</sup>

Repeated London 182.

KIRK

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<sup>5</sup> Lewis W. Douglas, the Ambassador in the United Kingdom, verified in telegram 2885 from London on July 22, not printed, that the Foreign Office had shown him the full text of this interview on the day before and that the summary account by Ambassador Kelly was accurate. Ambassador Douglas continued: "Foreign Office had cautioned Kelly against furnishing Stalin any opening which he might seek to exploit in furtherance 'peace' offensive and to avoid being drawn out on controversial issues. This presumably accounts for manner in which he handled Stalin's observations regarding NAT and presence US Forces in UK and fact that balance of conversation consisted largely of generalities interspersed with 'bromides' on part Stalin. Foreign Office feels Stalin agreed to receive Kelly principally out of curiosity to see 'what kind of animal' HMG had sent to represent it in Moscow." (741.61/7-2249)

<sup>6</sup> Telegram 1813 from Moscow on July 21; *infra*.

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123 Kirk, Alan G.: Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

TOP SECRET

Moscow, July 21, 1949—6 p. m.

1813. It had been my intention in accordance President Truman's wish (my memo May 27 to Secretary of State<sup>1</sup>) to ask to be received by Generalissimo Stalin sometime in next few weeks and prior his departure Moscow area for south, as is his custom in late summer. Such visit to be arranged through Foreign Minister and to be call of courtesy on distinguished Russian leader and Prime Minister, with my remarks rather limited to generalities and politeness, unless otherwise instructed by you.

It seems to me such call on Stalin is now pretty well indicated and I think is expected by Kremlin. Although British Ambassador's call (mytel 1804, July 21) has caused great flurry in diplomatic circles here and intense curiosity on part of press as to its substance, yet in fact such a call on my part on most important figure in Soviet Russia (who still retains title Prime Minister) would seem normal. I doubt if Kremlin would refuse our request and I believe we would be placed

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<sup>1</sup> In this memorandum, not printed, Admiral Kirk had written that among the points to which President Truman desired him to pay particular attention, one was to "Take action to see Marshal Stalin within a reasonable time after presenting credentials." (123 Kirk, Alan G.) He had presented his credentials on July 4.



in dubious posture if we fail to propose it soon. On balance it would appear to me there are more considerations in favor of requesting to call than not doing so.

However, Kelly's visit together with range of topics and character of replies seems to indicate careful consideration on our part as to matters to be broached by me and possible subjects Stalin may raise. Kremlin will be unlikely to accept at face value any statement that I am only calling as matter of courtesy, and serious subjects may easily be raised by Stalin, even if I avoid same. I am inclined to think it would be best to be frank and firm in stating our position on such topics as ERP, NAT or MAP or whatever others you may wish to have raised. I believe opportunity might also be taken to correct any misapprehension on current American economic situation by emphasizing elements of our strength.

It seems to us here we should carefully avoid any apologetic or defensive attitude in treating such matters, but make perfectly clear in suitable language the reasons for our actions with the objectives thereof, and without adopting an aggressive air.

Although two weeks elapsed between day British Ambassador requested his appointment and Kremlin response yet you should note that Kelly had only 48 hours advance notice he was to be received. Since London had instructed him in ample time he was not embarrassed by this short notice. It is important, however, to be prepared, and we should take full note of this fact.

Therefore, if you agree that I should ask to see Stalin, and I will not act until your approval is received, it seems to me important that you give me general line to follow in conversation with Generalissimo, and sufficiently in detail to ensure I am fully indoctrinated your attitude. Certainly my visit would not have slightest flavor of opening any negotiations but should rather partake of some measure of exposition or elucidation of subjects to be discussed. Length of visit and range of conversation can probably be largely in my hands by simply taking polite leave whenever your instructions have been covered.

It appears to me appropriate to see Vishinsky before the end of July to ask for this appointment.

Sent Department 1813, repeated London 184.

KIRK

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123 Kirk, Alan G. : Telegram

*The Secretary of State to the Embassy in the Soviet Union*

TOP SECRET

WASHINGTON, August 1, 1949—2 p. m.

544. Instr going forward next day or two in reply your 1813 July 21. In this connection tele whether top secret Embtel 1053 Apr 5, 1946



still retained in Emb files.<sup>1</sup> This is report of Stalin-Smith conversation and if not available will be sent you immed.

ACHESON

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<sup>1</sup>Telegram 1053 reported the interview on April 4, 1946, that took place between Stalin and Ambassador Walter Bedell Smith, *Foreign Relations*, 1946, vol. VI, pp. 732-736. The Embassy answered in telegram 1912 from Moscow on August 2, 1949, that it did possess a copy of the telegram.

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711.61/8-349: Telegram

*The Secretary of State to the Embassy in the Soviet Union*<sup>1</sup>

TOP SECRET      PRIORITY      WASHINGTON, August 3, 1949—6 p. m.

553. We agree it wld be desirable for you to ask to be recd by Stalin prior his departure from Moscow for south (Embtel 1813 July 21) and you are accordingly authorized request Vyshinski arrange for you courtesy call on PriMin. You shld handle matter in routine fashion and not follow up initial request with any subsequent inquiries or in any way create impression proposed interview is other than routine.

It is improbable that any substantial advantage can be derived at this time from proposed mtg. Furthermore in view Sov predilection exploit for propaganda purposes opportunities provided by such mtg it is important Soviets not be given opportunity extract anything useful to their "peace offensive" and detrimental to ERP, MAP and our East-West trade policy. You will of course have to be prepared reply to any questions which Stalin may raise re broad problems of East-West relations and we agree with your statement that in treating such matters you shld carefully avoid any defensive attitude but make perfectly clear without adopting an aggressive manner the reasons for and objectives of our policies.

In particular you shld not take apologetic attitude assumed by your Brit colleague in his recent interview when Stalin charged western powers with aggressive intentions as manifested in NAP and MAP. If Stalin makes similar assertion as he probably will you shld instead point out defensive character of these policies made necessary by Sov pressure on Western Europe and explain that they are in fact a delayed reaction to the fear of Sov aggression resulting from the magnitude of the Sov Mil estab, hostile propaganda and indirect polit aggression directed against the West. (This is being spelled out in greater detail in separate msg.<sup>2</sup>)

In this connection you will find report of your predecessor's conversation with Stalin in April 1946 most helpful particularly para 5 where Smith points out US faced with important decisions which wld

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<sup>1</sup> At the end of this telegram the Secretary of State has written: "Approved by the President. DA."

<sup>2</sup> Telegram 554 to Moscow on August 3, p. 639.

depend to large extent on manifestations of Sov policy and you might wish to remind Stalin of this statement.

In gen it wld be preferable to avoid discussion of questions of multilateral character and you shld if necessary point out to Stalin that although you are of course glad to hear his views and transmit them to your Govt you can hardly enter into a discussion of these matters since they involve govts other than the Sov Union and US. Shld he take umbrage at this a pointed reference to Sov Govt's propaganda treatment of Smith-Molotov conversations of May 4, 1948 would be apt.<sup>3</sup>

You will of course not fail to inform your Brit and Fr<sup>4</sup> colleagues of your interview when appt made and assure them of its purely routine character.

Inasmuch as Stalin usually waits for visitor to take initiative in conversation you shld be prepared so to do. It is suggested that you might appropriately say you are making courtesy call and appreciate this opportunity make his acquaintance, that you are fully aware that the broader internatl problems dividing the eastern and western communities are of such a grave and basic character that there appears little hope that further discussion of them on this occasion wld contribute to their resolution, barring a basic change of attitude on part of Sov Govt; that there are however certain practical US-Sov problems, the solution of which wld be in the mutual interest of the two govts and that you are of course always at disposition of Sov Govt to do whatever might be useful in this regard.

If at this point Stalin shows no disposition to take up conversation you might wish him a good vacation and prepare to take your leave. Shld he on other hand ask what you mean by practical problems it wld then be opportune for you to discuss certain aspects of concrete current questions, the solution of which wld in fact make a specific and practical contribution to improvement of US-Sov relations. Such subjects of direct bilateral US-Sov character are lend-lease and jamming of VOA. Separate tels are being sent with material suitable for use this connection.<sup>5</sup> In addition msg covering our position on German and Aus problems is going forward in order that you may be fully prepared if these subjects are raised,<sup>6</sup> but it is not desired that you initiate discussion of them particularly because of their quadripartite character.

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<sup>3</sup> For documentation on the conversations between Ambassador Smith and Minister for Foreign Affairs Vyacheslav Mikhailovich Molotov in May 1948, see *Foreign Relations*, 1948, vol. iv, pp. 834-866, *passim*. See also Department of State *Bulletin*, May 23, 1948, pp. 679-683.

<sup>4</sup> Yves Chatigneau was the French Ambassador in the Soviet Union.

<sup>5</sup> For telegram 567 to Moscow on August 8, 1949, with instructions regarding lend-lease, see p. 721; and for telegram 552 to Moscow on August 3, with regard to the jamming of Voice of America programs, see *infra*.

<sup>6</sup> Telegram 555 to Moscow on August 3, p. 640.



It is not believed any useful purpose wld be served by raising on this occasion questions of Sov wives, US dual nationals or Emb house-keeping problems, all of which have been subj of innumerable representations. Shld however Stalin inquire how you find life in Moscow you may simply reply that treatment of Emb is far from satisfactory, that Emb's complaints are all matter of repeated record, and that this is an old story which US Govt can only interpret as indication that Sov Govt is not seriously interested in encouraging development of friendly relations. You shld not elaborate any specific complaints unless pressed by Stalin to do so, in which case it wld be well to mention among others the Tucker <sup>7</sup> case as involving the kind of treatment incomprehensible to Amer public opinion. If he asserts that treatment of Sov reps in US unsatisfactory you might reply that Sov Govt shld not expect its own highly restrictive policies in these matters to go indefinitely unreciprocated.

ACHESON

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<sup>7</sup> Robert C. Tucker had been an Attaché in the Embassy at Moscow, married to a citizen of the Soviet Union, who had been denied an exit visa by that government.

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811.42700 (R)/8-149: Telegram

*The Secretary of State to the Embassy in the Soviet Union*

TOP SECRET

WASHINGTON, August 3, 1949—6 p. m.

552. VOA Deptel 544, Aug. 1. In your discretion you might inquire of Generalissimo as to his views on cultural and info exchanges as a means of increasing internatl understanding. Shld he reply as he has in past with some generalized affirmation in favor thereof you might raise question of jamming of VOA along fol lines. Since Stalin shares view that free exchange of info between peoples shld be encouraged and Sov Govt has frequently expressed its wish to contribute to internatl understanding US Govt is surprised at recent efforts in Sov Union to jam VOA. Radio direction finders have established beyond doubt location several large concentrations of jammers on Sov terr. This effort to exclude Amer broadcasts is difficult to reconcile with professed desire of Sov Govt for friendship between peoples of world. Aside from its effect upon public opinion this jamming effort on Sov terr represents deliberate violation of internatl agreements to which Sov Govt has adhered, namely Madrid Convention in 1932 <sup>1</sup> and Cairo Convention in 1938.<sup>2</sup> US Govt perplexed at these divergences between Sov actions and Sov words.

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<sup>1</sup> The International Telecommunication Convention, Regulations and Protocols Annexed Thereto, was signed at Madrid on December 9, 1932. For text, see 49 Stat. (pt. 2) 2391.

<sup>2</sup> The Regulations and Protocols of the Madrid Convention of 1932 as Revised, was signed at Cairo on April 4 and 8, 1938. For text, see 54 Stat. (pt. 2) 1417.



It wld be helpful if Stalin cld clarify this matter. Shld Stalin criticize contents of VOA broadcasts it is suggested you reply that US Govt wld have expected Sov Govt to call its attn to any allegedly objectionable broadcasts of VOA through normal dipl channel rather than resort to jamming in deliberate violation of existing treaties.

ACHESON

711.61/8-349 : Telegram

*The Secretary of State to the Embassy in the Soviet Union*

TOP SECRET

WASHINGTON, August 3, 1949—6 p. m.

554. ReDeptel 544 Aug. 1. Following suggested as gen line of reply, shld Stalin again bring up question of Atlantic Pact and allege, as he did with Brit Amb, that it is directed against Sov Union.

If by this allegation he means to imply that the western countries are preparing for the launching of an offensive war against Russia, we consider such an allegation too absurd for serious discussion. We cannot believe that it can represent a sincere view of the Sov leaders who, we must assume, receive accurate reports from their reps abroad and are not deceived by their own propaganda. Not only is the mil disparity between East and West in Europe so great that any conceivable mil aggression cld only be in the other direction, but elementary acquaintance with the traditions and institutions of the Anglo-Saxon countries would suffice to reveal that it wld be quite impossible for even the most rash and aggressively-minded Govt, if such existed, to obtain popular support for the project of an aggressive or "preventive" war which wld require years of advance planning and might involve a protracted struggle.

If, on the other hand, Stalin means that there is a connection between the Atlantic Pact and the efforts that have been made to bring European countries under ill-concealed Sov domination by communist polit penetration, subversion and intimidation, that is another thing. He can hardly expect free and self-respecting peoples to submit to concealed Sov domination unless they have been deprived of all powers of resistance. As long as communist circles continue to demonstrate by actions as well as by words that is their purpose, they must expect the present and additional similar measures of self-protection on the part of their intended and proclaimed victims.

We on our part can only regard the accusations against us of aggressive intent as further proof of continued Soviet devotion to the basic purposes which its spokesmen have made so plain. Not sharing any similar aims which wld cause us to regard the destruction of the Sov regime as necessary or inevitable, our course is the clear and simple one of seeking to make Sov aggression too costly to be profitable. The Atlantic Pact is solely a step to this end, a purely defensive

measure which is completely inoperative in the absence of aggression against one of the signatories. It is, however, only a part of the reaction of the peoples of the West to the efforts of Moscow inspired communists to subvert their govts, prevent econ recovery and restoration of normal peacetime conditions in Europe and thus destroy their confidence in themselves and force them to yield to outside pressures. It is a reaction which the threat of Sov aggression was bound to produce, as Amb Smith informed Stalin in Apr 1946, and a continuation of the Sov policies which create this threat will no doubt produce further evidences of consciousness among the western countries of the need for greater solidarity and unity among them.

As long as this situation prevails, it is difficult to see how discussion can contribute to the solution of our mutual differences.

ACHESON

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711.61/8-349 : Telegram

*The Secretary of State to the Embassy in the Soviet Union*

TOP SECRET

WASHINGTON, August 3, 1949—6 p. m.

555. ReDeptel 544 Aug 1.

1. *Germany*. The German question and results of Paris CFM may be touched upon.<sup>1</sup> Pending observance of Sov performance under the *modus vivendi*,<sup>2</sup> we wish you to avoid a detailed discussion of Ger problems. Shld Stalin desire to set forth Sov position on some Ger issue, you cld say that you have not been directly involved in Ger affairs but wld be happy to note the Generalissimo's remarks and to transmit them to Washington. Shld Ger topics be mentioned in a gen way, you may, however, in your discretion, comment as fols:

You may state that both parties have cause to welcome the Paris Agreement as it served to alleviate tension and to place relations between East and West in Ger on a more rational basis. We are, of course, fully determined to maintain our position in Berlin as a victor and occupying power. The state of blockade and counter-blockade and the piling up of restrictions and counter-restrictions created a dangerous situation. FonMins in Paris were in agreement that a return to this state of affairs shld be avoided. It is regrettable that the unification of Ger cld not be achieved at past sessions of CFM, but this continues to be an important objective of US policy. We wish to continue in consultation with the Sov Union re Ger questions and for our part we will maintain conditions which will render these consultations

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<sup>1</sup> The sixth session of the Council of Foreign Ministers was held in Paris between May 23 and June 20, 1949. German and Austrian questions were discussed and the decisions of the Council (the Paris Agreement) were contained in the communiqué of June 20. For documentation on the session, including the text of the communiqué, see *Foreign Relations*, 1949, vol. III, pp. 856 ff.

<sup>2</sup> The *modus vivendi* was that portion of the communiqué of June 20 which confirmed the terms of the four-power agreement on the ending of the Berlin blockade.



useful. If Stalin raises the question of estab of federal Ger govt in Western Ger, you shld emphasize that this is a matter which admits of no misunderstanding. Both before and during CFM in Paris we made it perfectly clear that we authorized the Germans in our area to proceed with their arrangements. The absence of agreement on all of Ger increased the burden we are carrying and threatened to create chaos. We cld not postpone indefinitely the need of reestablishing Ger administrative and governmental responsibility and of permitting the Germans to develop their own org[anization] along democratic lines. In our view and theirs, this represents progress toward unification. We are most desirous of promoting a solution which will permit Ger to live in peaceful association with its neighbors and we trust that unification can be pursued along these lines. The Paris Agreement provided that efforts shld be continued toward bringing about Ger polit and econ unity and we trust that the present relationship can be employed to advance this objective.

2. *Austria*. Shld Aust Treaty question arise, it might be well to express gratification for progress which has been made by Deputies fulfilling the agreement in principle which was accepted by the Mins in Paris.<sup>3</sup> Certain difficulties have been encountered, however, since the Sov Del<sup>4</sup> to the London Conf continues to insist on reproduction in Treaty of exact wording in Paris communiqué. Naturally Paris communiqué was intended to serve as an agreement in principle and guide to the Deputies in reaching precise agreement in detail for inclusion in the Aust Treaty.

We hope that an agreed report on the Treaty can be made by Sep first. This objective would be facilitated if the Sov Del in London understood the basic US position and did not continue to insist upon acceptance of its sole interpretation of the Paris agreement. Such understanding is necessary if final agreement is to be reached on Ger assets settlement. Three powers have agreed in principle to Sov interpretation of its rights accruing from Potsdam.<sup>5</sup> The Western Nations, however, have similar rights but have renounced them in favor of Aus. In order that Four Power responsibilities in that country may be effectively discharged, we urge that in all aspects of the Ger assets settlement these responsibilities be recognized.

<sup>3</sup> This "agreement in principle" comprized part II of the communiqué of June 20 of the Council of Foreign Ministers. For documentation on the participation of the United States in the negotiations for an Austrian peace treaty, including records of the meetings of the Deputies for Austria of the Council of Foreign Ministers at London between July 1 and September 1, see *Foreign Relations*, 1949, vol. III, pp. 1097 ff.

<sup>4</sup> Georgy Nikolayevich Zarubin, Ambassador of the Soviet Union to the United Kingdom, served as Soviet Deputy for Austria at the Council of Foreign Ministers.

<sup>5</sup> In regard to the decisions made on the disposition of German assets by the Heads of Government of the United States, the United Kingdom, and the Soviet Union at the conference at Berlin between July 17 and August 2, 1945, see the "Report on the Tripartite Conference of Berlin" part IV, August 2, 1945, in *Foreign Relations*, The Conference of Berlin (The Potsdam Conference), 1945, vol. II, pp. 1505-1506.



We agreed in the Moscow Declaration that Aus shld be an independent and viable state.<sup>6</sup> It is obvious that our agreement cannot be carried out if the Aust Treaty places restrictions and obligations on Aus which are inconsistent with the objective we accepted in 1943. The fulfillment of this objective will require that Aus be master in her own house and that Aust law apply within Aus except only for the two limited fields in which the Mins agreed in the interest of Sov Union that an exception from the operation of Aust law was valid. (These fields concern the freedom from alienation without USSR consent for Ger assets to be transferred to the Sov Union and the right to export net profits and net income which are in turn determined by Aust law.) In order to create a viable Aus which can discharge its obligations under the Treaty it is necessary that no restrictions be placed on the Aust economy which will cripple its econ life. If this principle be maintained we are convinced that an Aust Treaty can be achieved which will be of mutual advantage in that it will recognize the Sov rights to Ger assets and create an Aus capable of discharging its obligation to the Sov Union.

ACHESON

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<sup>6</sup> The text of the Declaration on Austria, signed on November 1, 1943, at the close of the Tripartite Conference at Moscow of the Foreign Ministers of the United States, the United Kingdom, and the Soviet Union is printed in *Foreign Relations*, 1943, vol. I, p. 761.

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811.42700 (R)/8-649 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

CONFIDENTIAL

Moscow, August 6, 1949—1 p. m.

1963. Embtel 512, March 1.<sup>1</sup> Soviet propaganda and official statements contrasting their record on repatriation question with inhumane practices US continues to be replete with distortions and inaccuracies. Latest example this characteristic Soviet tactic revealed in New York *Herald Tribune* (Paris edition) report August 1 meeting ECOSOC which has just come Embassy's attention. Press account quotes Kulagenkov<sup>2</sup> as asserting Soviet Union had repatriated 22,000 American citizens while US refused repatriate Soviet citizens.

Embassy not aware basis Kulagenkov's figure but assumes in main he referred to American soldiers liberated from German camps in last months war. Excluding bona fide USPW's Embassy records indicate out of total approximately 2,000 claimants American citizenship re-

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<sup>1</sup> Not printed.

<sup>2</sup> Anatoly Georgiyevich Kulazhenkov was the Ambassador of the Soviet Union to Switzerland.

siding under Soviet jurisdiction at end war only 119\* have been repatriated to date and all but 3 of latter figure had left USSR prior 1948. As Department aware despite all Embassy efforts no American citizens have been permitted depart in 1949 (Embassy A-666 June 24<sup>3</sup>). In view monotonous regularity with which Soviets return to their thesis this issue and in light possibility our DeLECOSOC not fully informed situation confronting American citizens residing USSR Embassy has felt justified in again commenting on this question. From here it seems US record repatriation problem particularly strong and one which affords continuing opportunity expose familiar yet persuasive Soviet device of distorting an issue by accusing other nations of reprehensible practices which its own government is employing (Embdesp 343 June 16<sup>4</sup> and Embtel 1935 August 4<sup>5</sup>).

Sent Department 1963, repeated Geneva 24 for USDel.

KIRK

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\*D[e]partment of] S[tate] figures show 129 (125 if subtract 2 POWs and Alton C Kennedy, seaman who served sentence, and Anna Louise Strong. EE/VHJ [Footnote in the source text.]

<sup>3</sup>The Embassy reported in this airgram, not printed, that it had reviewed the whole problem of the protection and repatriation of American citizens residing in the Soviet Union. Because of the intentions and the practices of the authorities of the Soviet Union in this matter, the Embassy felt obliged to conclude that the time was "clearly not far distant when all citizens residing Soviet Union and still at liberty, regardless validity their claim to exclusive American citizenship and despite utmost Embassy efforts on their behalf, will have accepted Soviet passports and have abandoned their efforts to depart from the USSR." (361.1115/6-2449)

<sup>4</sup>Not printed, but see the Embassy's information concerning Soviet exit visas of June 16, p. 617.

<sup>5</sup>Not printed.

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501.BB/8-1249 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET

Moscow, August 12, 1949—6 p. m.

2019. In recent months, Soviet "peace offensive" has been central theme almost all Soviet public utterances and activities in the international sphere.<sup>1</sup> Soviet campaign for peace has manifested itself most graphically in a series of Soviet-inspired conferences that have taken place in New York, Paris and Prague, and similar conferences are scheduled for Mexico City and Moscow immediately prior GA.

No present indications that modifications this line GA likely (Depcirtel July 26 and Circ Agams June 7 and July 14).<sup>2</sup> Speculation as to tactics in pursuance offensive, however, believed more complicated than heretofore, owing relative lack evidence tactical innovations Vyshinski might introduce. Recent developments US disinflation proc-

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<sup>1</sup>For additional documentation on the United States attitude toward the peace offensive of the Soviet Union, see pp. 806 ff.

<sup>2</sup>None printed.



ess appear have prominent influence on Soviet thinking and further course of that process in intervening weeks might appreciably affect Soviet planning GA. Assuming Soviet reliance continuance recession US and aggravation Britain's crisis, possible Soviets may extend through GA tactics marking time which characterized Paris CFM. Based this reasoning, it could be expected new dramatic moves might be minimized and specific proposals limited.

On other hand, Soviets could determine desirable, as heretofore, introduce high sounding resolution designed focus peace offensive.<sup>3</sup> Prediction nature such resolution manifestly increasingly difficult in circumstances but proposal withdrawal armed forces inside borders own country or further disarmament proposal would seem to us among best probabilities. This connection, suggest Department review Embtel 1706, August 21, 1948<sup>4</sup> re Soviet strategy 1948 GA. Believe predictions and comments therein still valid in large part.

In any event, Soviet delegation will, in all probability, continue vociferous adherence peace propaganda in discussions of agenda items along lines already developed. Thus, although Soviet delegation may not throw German and Japanese settlements into GA in any formal manner, it is evident from propaganda accompaniment and sequel Paris CFM that Soviets will endeavor bolster their case for leadership world peace movement by indications their readiness participate in early conclusion definitive peace settlements Germany and Japan. Gromyko proposals for settlement Greek strife will also be rehashed; possibly one of satellite delegations will take initiative here. Reports of atomic energy and disarmament commissions will be used by Soviets to repeat and amplify positions their representatives have taken in these commissions which will be described as demonstrating the strong Soviet desire for peace and disarmament (*Pravda* editorial Embtel 1950 August 5<sup>4</sup>).

Accompanying positive assertions with respect to the desire of the Soviet Government and "democratic peoples throughout the world" for peace, there will undoubtedly be a vicious Soviet onslaught on the Atlantic Pact which will likely be depicted as a decisive advance from "warmongering" to material implementation US plans for initiation third world war. It would not be entirely surprising if a Soviet resolution were presented in which the GA would be asked to express the opinion that the Atlantic Pact violates the spirit and letter of the UN Charter as well as existing treaties between the USSR and certain Western European members of the UN (not to mention the Italian

<sup>3</sup> For documentation regarding the attitude of the United States toward the Soviet Union's peace propaganda resolution on "the preparations for a new war," proposed to the fourth regular session of the General Assembly, see vol. II, pp. 72 ff.

<sup>4</sup> Not printed.



Peace Treaty). Though such resolution would face defeat, Soviets might feel that they could in obtaining support their satellites, get a few votes from Near Eastern, Asian and perhaps even Latin American govts disgruntled at exclusion from Pact or timid in their support Western policies. Furthermore, a defeat on such a resolution could be trumpeted as result of notorious United States "mechanical majority." Soviet delegation will hammer charge that Atlantic Pact and MAP aimed at destruction USSR and will endeavor support assertions by reference recent European visit USJCS and by quotations from American press re US strategic plans. In discussion US military offensive, Soviets likely review work of current Geneva Conference on Protection of War Prisoners (Moscow airgram A-726, July 12<sup>5</sup>) to show US determination use atomic and bacteriological instruments to achieve its nefarious ends and emphasizing moral aspects use such weapons. Attempt will be made to show that Marshall plan, Western Union, Atlantic Pact, MAP, etc. all represent US effort achieve world hegemony and to make Western Europe colonial appendage US as necessary prelude attack USSR.

ECOSOC report on UN point 4 Program for Economic Aid to Underdeveloped Countries will be attacked as US plan for enslaving non-European parts of world and as attempt US monopoly capitalism to escape consequences economic crisis US. This latter topic will be utilized by Soviets in all discussions economic questions and will also be interwoven in Soviet analysis of the propulsion of American capitalism to war along classic Marxist-Leninist lines. In discussions bearing on human rights (Bulgaria and Hungary, International Bill of Human Rights) Soviet delegation will unloose barrage aimed at recent actions of US Government and non-Communist governments Europe and Asia to restrict Communist activities. Restriction Communist activities will be twisted into suppression of democratic freedoms. In discussions this kind, Soviets will exploit to full Paul Robeson<sup>6</sup> visit Moscow and alleged disabilities American Negroes.

Difficult predict exactly how Soviet delegation will utilize Chinese Communist victory in its GA propaganda themes except in a general way to bolster assertions that peoples of world are now following Soviet leadership for peace and prosperity. No doubt discussions Korean and Indonesian questions, Soviet spokesmen will state that peoples of Asia are showing in China a resolution to cast off chains American and European imperialism.

We may anticipate that question East-West trade will be emphasized by Soviet delegation on every possible occasion, though perhaps Polish delegation will be detailed this particular chore.

<sup>5</sup> Not printed.

<sup>6</sup> Paul Robeson, the American Negro baritone, concluded a European tour with a visit to the Soviet Union, June 5-15, where he was feted.

Question Italian colonies emphasis presumably will be to confuse issues with tactical purpose of endeavoring spotlight West as imperialistically haggling over disposition spoils to detriment local populations. Expect Soviets to eye local reaction at expense effect in Italy.

While could reason Soviet acceptance US, UK and French March 20 [1948] proposal Trieste<sup>7</sup> attractive in light Soviet campaign against Tito, etc., believe fact that action (1) would constitute direct about-face and (2) would be deemed by Soviets likely increase Tito's popular support Yugoslavs, probably controlling deterrents.

Sent Department 2019, repeated London 206, Paris 304, pouched Warsaw.

KIRK

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<sup>7</sup> See the memorandum from the Department of State to the Embassy of the Soviet Union, March 20, 1948, *Foreign Relations*, 1948, vol. III, p. 517.

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123 Kirk, Alan G.: Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

TOP SECRET

Moscow, August 13, 1949—6 p. m.

2039. Embtel 1975, August 8.<sup>1</sup> Appointment made for Monday, 15th, 10 p. m. Am informing British, French colleagues.

Upon conclusion visit intend reply anticipated queries American press representatives substantially as follows: interview at my request to pay courtesy visit on Generalissimo Stalin with only general conversation.

KIRK

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<sup>1</sup> Not printed. Ambassador Kirk informed the Department that he had made the request for an appointment with Stalin during a visit with Vyshinsky. (123 Kirk, Alan G.)

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711.61/8-1649: Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

TOP SECRET

Moscow, August 16, 1949—1 p. m.

2056. As anticipated Deptel 553, August 3 Stalin awaited my initiative in conversation last evening. Accordingly I stated I was making courtesy call and appreciated opportunity making his acquaintance. I referred to the existence of broad international problems dividing the eastern and western communities and expressed the view that in the light of their grave and basic character it seemed unlikely that discussions of them on such an occasion would contribute to their solution barring fundamental change of attitude on the part of the Soviet Government. Pausing here (for translation) and noting Stalin



unresponsive to terminal clause I then continued that there are however, various practical US-Soviet problems of which the solution would be of mutual interest to our two governments and stated my preparedness to do whatever might be helpful in this regard.

Stalin asked what problems I had in mind and in response I mentioned lend lease and the jamming of VOA. He appeared cognizant of the circumstances of current lend lease negotiations and there followed an exchange of views thereon at some length which is being covered more fully in separate telegram.<sup>1</sup> On VOA which is being similarly further reported<sup>2</sup> Stalin declined comment referring the matter to Mr. Vyshinski. After further amenities meeting terminated at Generalissimo's suggestion.

As indicated mytel 2054, August 15<sup>3</sup> tone interview was cordial throughout though at outset Generalissimo appeared reluctant initiate conversation. Toward close he became somewhat more expansive concluding with offer his readiness receive me "without formality" on any occasion in future when I should consider it desirable to raise specific matters with him. My general impression is that though possibly fatigued Stalin is in good health.

KIRK

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<sup>1</sup> See the report on this subject in telegram 2057 from Moscow on August 16, p. 725.

<sup>2</sup> The specific report of the remarks about the Voice of America is in telegram 2058 from Moscow on August 16, *infra*.

<sup>3</sup> Not printed.

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811.42700 (R)/8-1649 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

TOP SECRET

Moscow, August 16, 1949—1 p. m.

2058. Re VOA (Embtel 2056, August 16) I referred to interference with our broadcasts as well known fact and pointed out that jamming violates Cairo and Madrid conventions to which both governments are parties. I added that if there were objection to content of broadcasts matter should be handled through diplomatic channels rather than resort to jamming in violation conventions.

Stalin said he was little informed on question and would ask FonMin to answer. With broad smile he asked Vyshinski "is that BBC?" Vyshinski explained I meant VOA. "They abuse us?" Stalin asked. "Very much" Vyshinski replied. Both laughed. Stalin turned to me and said he would ask FonMin to deal with question. Neither he nor Vyshinski challenged my reference to jamming as fact.

It seems to me onus of making next move is now with Vyshinski and I think we should wait for him to make it. If he elects not to



initiate further discussion he remains under charge of treaty violation which leaves record in our favor.<sup>1</sup>

KIRK

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<sup>1</sup> A marginal notation to this paragraph reads: "I agree FR". The initials appear to be those of Frederick Reinhardt, the Chief of the Division of Eastern European Affairs.

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861.111/8-1949: Circular airgram

*The Secretary of State to Certain Diplomatic Offices*<sup>1</sup>

CONFIDENTIAL

WASHINGTON, August 19, 1949—8:10 a. m.

Recent travel restrictions on foreign officials in Rumania and Bulgaria<sup>2</sup> raise question of retaliation such as was under consideration in Department at time reimposition of Soviet restrictions and imposition Bulgarian restrictions last fall but deferred because of apparent liberal Soviet administration of regulations.<sup>3</sup> It is now considered desirable to secure views of missions where restrictions are in force.<sup>4</sup>

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<sup>1</sup> This airgram was sent to the Embassies in Moscow, Warsaw, Praha, and Belgrade; and to the Legations in Budapest, Sofia, and Bucharest.

<sup>2</sup> By a series of orders issued by the Bulgarian Government during 1949, the area along the Bulgarian frontier prohibited to travel by all diplomatic personnel (except chiefs of mission) was gradually extended. At the end of the year, one-third of Bulgarian territory was included in the prohibited area. Diplomatic personnel required special permission to travel elsewhere in Bulgaria. With regard to the imposition of travel limitations by Bulgaria on November 6, 1948, see the editorial note, *Foreign Relations*, 1948, vol. iv, p. 387. Diplomatic personnel in Romania required special advance permission to travel in a restricted zone embracing two-thirds of the country. Documentation on travel restrictions imposed by Bulgaria and Romania is included in Department of State files numbered 874.111 and 871.111, respectively.

<sup>3</sup> For the reimposition of travel restrictions in the Soviet Union by the note of September 30, 1948, the consideration of the effects of the restrictions upon the travels of Embassy personnel, and the decision for the time being not to resort to retaliatory restrictions against the Soviet Union, see *ibid.*, vol. iv, pp. 921-937, *passim*.

<sup>4</sup> Among replies to this airgram the Minister in Bulgaria, Donald R. Heath, reminded in telegram 682 from Sofia on August 16, 1949, that the Western states were not usually in a strong position to engage in reprisals against a satellite diplomatic mission because these generally ranged between one-third to one-tenth the size of the United States and British missions located in the satellite countries. He regarded it as possible that "mere notice to Soviet Government that Western states would apply counter restrictions might result in some relaxation of restrictions in Soviet Union and in satellite area." He concluded that whatever outcries the Soviet Union might make against reprisal restrictions "would only serve to focus public attention on the unjustified, unpeaceful and persecutive treatment of foreign representatives in the professedly peace loving and free Soviet Union and the area under its rule." (701.6100/8-1649) Ambassador Joseph E. Jacobs reported in A-633 from Praha on August 29 that no restrictions were so far imposed upon "free movement within Czechoslovakia of personnel of Emb[assy] and Consulate General at Bratislava" but he did favor "retaliatory practices in Washington against representatives of USSR and satellite states" which interfered with the movements of American officials within their borders. (861.111/8-2949) From Poland the Chargé Cecil B. Lyon explained in A-1106 from Warsaw on September 7 that "no formal restrictions have as yet been imposed in Poland on the travel of American personnel," and he hoped that it would not be necessary to apply

Please repeat replies to this airgram to other missions herein addressed.

For your information, following represents tentative proposed action last fall prior to decision to defer:

When Soviet travel restrictions were originally imposed May 16, 1941 (Moscow tel 2735, Nov. 26<sup>5</sup>) Soviet Embassy informed by note June 7, 1941 that on basis of reciprocity this Government constrained to require officials and employees of Soviet Embassy not to travel outside District of Columbia and immediate vicinity without formal notification to and permission from Department. Vicinity was orally defined as radius of 100 miles. Similar requirement applied to Soviet consulates. Requests for authorization to travel were required to contain information concerning projected route, stopping places, duration and purpose of trip, as provided in Soviet regulations. These restrictions were cancelled July 23, 1941.

Department of Justice last fall informally advised that by a system of spot checks it should be able to exercise adequate control to make similar retaliatory measures substantially effective. The contemplated procedure would require officers and employees of the Soviet Embassy and Amtorg<sup>6</sup> to carry permits approved by the Department when they travel outside a radius of 35 miles from Washington and New York respectively. Soviet employees of UN, members of Soviet delegations to UN, and Tass employees would be excluded. The intended practice was to govern policy on granting travel authorizations to accord with Soviet treatment of our requests, as to which the Embassy would be requested to keep the Department currently advised, with the exception of travel between New York and Washington which might be treated more liberally. It was proposed to follow the 1941 action in requiring prior authorization as well as notification since in practice the Soviet requirement of prior notification together with Soviet control of means of travel was considered tantamount to requiring authorization. The contemplated restrictions would not have involved creating any forbidden areas or forbidden highways leaving Washington or New York, which Department felt would open this Government to valid criticism as too literally following totalitarian procedures and not necessary to achieve such salutary effect as may be obtainable. A note to the above effect to the Soviet Embassy was to be made public with press release following delivery. Department proposed similar action concerning Bulgaria about a week later,

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any limitations in the United States "to Polish official personnel unless or until greater restrictions are enforced here." (861.111/9-749) Similar views were mentioned in A-711 by the Legation in Hungary on September 22, where no formal restrictions had been imposed on the movements of foreigners and, except for a few isolated instances, with no particular discrimination against Americans. (861.111/10-2249)

<sup>5</sup> *Foreign Relations*, 1948, vol. iv, p. 934. The Soviet Union originally imposed travel restrictions by a note of May 16, 1941; *ibid.*, 1941, vol. i, pp. 881-882. Reciprocity was then ordered by the United States in the note of June 7; *ibid.*, pp. 883-884. Regarding the withdrawal of these limitations by the United States upon the German invasion of the Soviet Union, see the note of July 23; *ibid.*, p. 902. For additional details, see the Index, *ibid.*, p. 1043. The Soviet Union did not formally withdraw its own limitations, but they were allowed to lapse until the present reinstitution.

<sup>6</sup> The Amtorg Trading Corporation, New York, N.Y., was the official purchasing and sales agency in the United States of the Soviet Union.



omitting Minister Chargé who was not included in the Bulgarian restrictions.

ACHESON

701.6100/8-1949 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET

Moscow, August 19, 1949—5 p. m.

2095. Despite serious misgivings concerning desirability and efficacy of retaliatory measures on comprehensive Soviet bloc basis suggested Sofia's telegram 682 of August 16,<sup>1</sup> we would be prepared to consider this proposal further should Department decide to reopen subject (Deptel 7, January 5<sup>2</sup>) retaliatory travel restrictions along lines Embtel 2735, November 26, 1948<sup>3</sup> in regard to Soviet personnel in the US. However, for time being "honeymoon" is still continuing here and I feel that the appreciable volume of useful information being obtained from the fairly numerous trips Soviets are approving to non-restricted areas contrary to predictions Embtel 2735 makes it highly inadvisable upset apple cart by instituting any retaliatory measures in absence further developments. Service Attachés concur.

Sent Dept 2095, repeated Sofia 40, Belgrade 86, Budapest 44, Bucharest 32.

KIRK

<sup>1</sup> Not printed ; but see footnote 4, p. 648.

<sup>2</sup> Not printed ; but see *Foreign Relations*, 1948, vol. iv, footnote 2, p. 936.

<sup>3</sup> *Ibid.*, p. 934.

840.48 Refugees/8-2349 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET

Moscow, August 23, 1949—1 p. m.

2134. Embtel 1881, July 29.<sup>1</sup> First positive confirmation deportation Jews obtained by Embassy officer in conversation with residents Odessa, he considers reliable. They said all Odessa Jews having relatives USA or England deported to Siberia June or July this year. They were not allowed time to sell possessions. Unknown whether Jews with relatives other countries also deported. Only one synagogue remains open Odessa. Remaining Jews afraid to talk with Embassy officer any subject.

Sixty six box car loads Armenians also deported on charge collabora-

<sup>1</sup> Not printed.



tion with Germans during war (at this late date). If husband or wife Russian left in Odessa thus dividing families. Spanish Republicans also evacuated but not to Siberia.

Officer told in Dzauzhikau<sup>2</sup> that Greeks there heard of Tiflis deportations and sold all goods in expectation same fate but as of August 8 had not been moved.<sup>3</sup>

Please protect source.

Sent Department 2134; repeated Athens 66, Ankara 21, Tehran 51, Tel Aviv 13.

KIRK

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<sup>2</sup> Known as Vladikavkaz until 1939, the capital of the North Ossetian Autonomous Republic on the northern side of the Caucasus mountains.

<sup>3</sup> In 1949 the Embassy had kept the Department informed of mass deportations of Greeks, and other peoples, from the Caucasus region. Many of these reports are under the Department of State file number 861.00.

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711.61/8-2349

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

PERSONAL      INFORMAL

Moscow, August 23, 1949.

SECRET

DEAR DEAN: It might interest you to have particulars and sidelights on the visit to the Kremlin last week. The official telegrams carry the full substance, but some details may be helpful.

The appointment to see Stalin was asked for on Monday, August 8, acceded to on Saturday and occurred the following Monday night, August 15. While there is no special significance attached to the comparatively short period of time between asking and seeing, it has been evident that this request and other protocol matters have been acted on without delay and with no obstruction of any sort. I was informed in person over the open telephone by an English-speaking secretary of Vyshinski at lunch time of exact procedure to be followed. Of course the "open" line does not mean anything here as only the MVD are in a position to tap it. Mr. Vyshinski's secretary said bring whom-ever I liked and I said that my secretary would arrange the details with him later; which was done, and Wally Barbour<sup>1</sup> and George Morgan<sup>2</sup> were named and accepted without question.

We were told on Monday to be at the Borovitski Gate at 10:00 p. m. where a Lt. Colonel of the MVD looked in the car to verify the number of passengers, and we then followed a jeep at fairly high speed

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<sup>1</sup> Walworth Barbour was Counselor of Embassy in the Soviet Union, with the rank of Minister.

<sup>2</sup> George Allen Morgan was First Secretary and Consul at the Embassy in the Soviet Union.

through the Kremlin grounds, trailed of course by my special boys. At the door there were two soldiers and another officer as guide. We left our hats and went up in the elevator two flights and down several corridors, with an MVD sentry about every 50 feet, to an anteroom where two officers who were at a desk rose very politely and sent for the interpreter. We now believe the interpreter is the son of Troyanovsky who was the first Soviet Ambassador to Washington after recognition in 1933.<sup>3</sup> He is of slight build, narrow face, dark hair, and spoke excellent English. In fact, when I asked him where he learned it, he said he went to college in the United States—we think it was Swarthmore.

Without any formality we followed him across one small room and he motioned me to open the door to the next which I did. This gave into a rather narrow rectangular room with a desk at the far end near the window and a long table near the inside wall. The room was well lighted with hanging electric lights. Stalin and Vyshinski were at the opposite end of the room and moved forward to meet us. We shook hands normally and I introduced Mr. Barbour and Mr. Morgan and we were invited to sit down at the table. Vyshinski went in first next to the wall, Stalin at his left at the corner, the interpreter at the end of the table, with me facing Stalin, then Barbour and Morgan to my left.

I started the conversation with the usual polite remarks. Stalin replied at once he was glad to see me here and I launched into my opening remarks as reported. The interpreter was really splendid, taking down in shorthand my English rapidly and accurately, and the same for Stalin in Russian. This made it possible to speak in paragraphs rather than in sentences. Mr. Vyshinski also took complete notes of the conversation.

You will have noted from my telegram 2056 that Stalin remained unresponsive to my statement on the broad international situation. However, he did pick up at once the question of the Lend Lease and we went over that back and forth as per my telegram 2057.<sup>4</sup> I felt he was being a little wary and perhaps somewhat suspicious that we were not giving the Soviet Government as favorable a settlement as we had others. Possibly I was able to dispel his doubts and certainly he insisted that the Soviet Government would keep its word.

(It would be most interesting to know whether you have had any

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<sup>3</sup> Oleg Alexandrovich Troyanovsky was the son of Alexander Antonovich Troyanovsky, former Ambassador of the Soviet Union to the United States, 1934–1939. For documentation on the recognition by the United States of the Soviet Union on November 16, 1933, see *Foreign Relations, The Soviet Union, 1933–1939*, pp. 1 ff.

<sup>4</sup> *Post*, p. 725.



reflection of Stalin's attitude in the negotiations currently taking place in the Department.<sup>5</sup>)

On the VOA, little headway was made as you will note from 2058. Since the meeting we have not noticed the slightest change in the jamming effort. I am inclined to think the Politburo have no intention of losing their advantage unless until we hit them in a similar way, somewhere.

From this point onward the conversation became more personal, Stalin asking me if I had been in Moscow before. He showed his interest in this city by talking of the plans, the progress made before the war, the delays caused by the war and his hopes for its future. It seemed quite close to his heart and he is proud of what the Bolsheviks have done to displace the czarist capital of Leningrad.

At this point Stalin got up, went to the desk, got his pipe, which he toyed with a while and then lighted. We wondered if this were not part of the act, as it was quite in keeping with the usual treatment. He made "doodles" all the while with a fat red pencil. I thought he looked in good shape. He carried his years well, his black hair is silvered somewhat on the tips but his face was not particularly lined, and, while his eyes were tired, he seemed fully alert. He was dressed in uniform with shoulder boards of his own design consisting of an enormous silver rosette and some device nearer the collar which might have been an emblematic hammer and sickle. The uniform was khaki colored, in good condition, fitted well, and he looked quite trim. The atmosphere on leaving was a little more cordial than on arriving, and he did say that I was to see him when I wanted to on a pressing matter without formality.

The press here were in pretty hot pants for a story, but were given the bare minimum. I thought your announcements in Washington were entirely satisfactory.<sup>6</sup> I hope you agree with me that nothing

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<sup>5</sup>In a preliminary answer dated September 22, 1949, to this letter from George W. Perkins, Assistant Secretary of State for European Affairs, Ambassador Kirk was informed that two notes on lend-lease matters of August 8, 1949 pp. 716 and 717, respectively) had not yet been answered, and that "a deal for the return of icebreakers and frigates which belong to us" had not been reached. Secretary of State Acheson in his reply of September 30 summarized the progress of the negotiations in somewhat more detail and concluded: "Whether or not Stalin's attitude will be reflected in subsequent negotiations, may become evident in the Soviet reply to our notes of August 8. But these replies will probably not be forthcoming prior to the completion of present discussions on the ice-breakers and frigates." (711.61/8-2349)

<sup>6</sup>In a memorandum of the press and radio news conference of August 17, Secretary of State Acheson informed the correspondents that Ambassador Kirk's visit was fundamentally and primarily a courtesy call upon Stalin, and that only two points had been mentioned upon which the Ambassador hoped that "the Soviet Union might respond to our representations." One of these topics concerned "the matter of jamming the 'Voice of America', and that the other was the matter of the Lend-Lease negotiations." During the conversation neither had been discussed in detail. (Files of the News Division.)



transpired that would give the Politburo a chance to make propaganda. I have told both the British and French Ambassadors the story of the visit and the substance of my conversation, for which they are very grateful.

The visit was a good thing if only to establish a precedent of seeing him. Vyshinski had stated, "Of course the Generalissimo is not in the habit of seeing foreign ambassadors", but was proved wrong in this case as well as for the British. If the call had not been made I think there would have been a great deal of press comment abroad and at home. The diplomatic corps here had already begun to wonder why Stalin had received the British Ambassador and not the American. Such speculation sooner or later leads to press gossip.

Of course, personally, I was very glad to see Stalin in the flesh. It seemed to me evident that he is a man of firm will, with no intention of being diverted, either unless forced to do so or unless he sees advantage to the Soviet Union in so doing. It also seemed to me that his health was pretty good and as a Georgian he will probably live a long time yet. He certainly dominates the situation here, and Vyshinski was hopping around like a pea on a hot griddle to do his slightest wish.

Kindest regards,

Sincerely,

ALAN

861.111/8-2949 : Airgram

*The Ambassador in the Soviet Union (Kirk) to the Secretary  
of State*

SECRET

Moscow, August 29, 1949.

A-909. Depcirgram Aug. 19. Emb adheres views expressed Embtel 2095 Aug 19 rptd Sofia, Belgrade, Budapest, Bucharest, concerning undesirability for present instituting retaliatory travel restrictions Sov officials US. Feel strongly that while immediate retaliation along lines suggested cirgram under reference at time imposition Sov restrictions last fall might have had beneficial effect, action now most likely to disturb current relatively satisfactory working arrangements whereby Emb officers are obtaining valuable volume useful info. In circumstances, believe no retaliatory measures Sovs should be taken in absence change in situation here.

As regards satellites, although Emb appreciates more rigorous situation existing there and fact that restrictions applied in those smaller countries are commensurately more effective in hampering operations, reluctantly recommend that retaliation also be postponed. Reciprocal retaliation satellites without corresponding measures against Sovs would appear likely give rise misunderstanding, might in itself have repercussions in the nature of further restrictions here and at best would be of questionable effectiveness.

KIRK

861.00/9-1749 : Airgram

*The Ambassador in the Soviet Union (Kirk) to the Secretary  
of State*

RESTRICTED

Moscow, September 17, 1949.

A-956. A public lecture on "The Further Aggravation of the General Crisis of Capitalism after the Second World War" was given by L. A. Leontiev, Corresponding Member of the Academy of Sciences, on September 6 in the Big Lecture Hall under the auspices of the All-Union Society for the Diffusion of Political and Scientific Knowledge. Since the lecture followed predictable lines for the most part, only highlights are summarized below.

Leontiev indicated that the doctrine of the General Crisis of Capitalism, given classic formulation by Stalin in his report to the 16th Party Congress, is a very fundamental article of Leninist faith: most "deserters from Socialism" have started their downward path by denying this doctrine—the former Varga group, for example. It was this doctrine which enabled Stalin in the mid-1920's to hold that the temporary stabilization of capitalism at that time could not be lasting. Among the specific ways in which the General Crisis, beginning with World War I and the October Revolution, affected Capitalism are: loss of exploitable areas, and "deformation of the business cycle" whereby economic crises become much worse and intervening periods hardly rise above stagnation level—the British and French economies, for example, "marked time" between the wars.

Leontiev then described how World War II led to further sharpening of the General Crisis by effecting both a relative and an absolute increase of Socialist, decrease of Capitalist strength. Soviet production, e.g., is 40% above 1940, whereas Capitalist production in 1947 was no larger than in the "crisis years" of 1937–1948, and has declined since.\* Soviet speakers before world forums gain a "mighty resonance" in the form of world public opinion which forces the imperialists to make concessions. Soviet victory in the war demonstrated the superiority of Socialist over Capitalist systems. The formation of People's Democracies—due to the decisive support of the USSR, since local rulers were supported by international capitalism—means that the USSR is now supported not only by other peoples but by other governments. The USA is in a weaker position because it now has to occupy the front lines of imperialism, having lost the "shock brigades" of Germany and Japan. The preponderance of

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\*Leontiev later admitted that the US had expanded its production in the earlier years of the war, but said this was not surprising since the other Capitalist countries were being weakened by the war. Anyway US production had declined since 1943, and the economic crisis had begun toward the end of 1948. Of our rising unemployment, 3 million were due to our refusal to trade with Eastern Europe. [Footnote in the source text.]



US economic strength means increasing pressure to grow at the expense of the older Capitalist economies, hence a responding increase of "centrifugal forces" in the Western Bloc, which is consequently doomed to break up. This process will be accelerated as the economic crisis gets worse. The shrinking of the colonial system has continued: the loss of China alone is a major blow to the USA comparable to the loss of Japan and Germany. The heavy waves of strikes signify the sharpening of class "contradictions": workers and peasants are less docile after the heavy sacrifices imposed on them by the war. Against the above as background, the warlike aggressiveness of the imperialists indicates that they realize time is working against them.

The question period brought out a few additional points: The General Crisis must be distinguished from economic crises; the latter occur periodically within the former. Capitalist history between the world wars was marked by three stages: the revolutionary period, the Capitalist stabilization in the mid-twenties, and a renewed trend toward wars and revolutions beginning in 1929. After the interruption of World War II, the Capitalist countries have returned to the trend begun in 1929, while the USSR has resumed its pre-war march of progress. Weakening of the Capitalist countries as the General Crisis advances may lead to a relaxation of trade discriminations against Eastern Europe. Finland did not become a People's Democracy because it was a "very special case". Yugoslavia fell from grace as a People's Democracy because a small gang seized power much in the way Hitler's gang did in Germany—but Tito's punishment will come much sooner than did Hitler's.

KIRK

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861.2423/9-2549 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

PRIORITY

Moscow, September 25, 1949.

2406. Soviet press September 25 carries following Tass communiqué:

"September 23 US President Truman stated according information US Government during recent weeks atomic explosion occurred USSR.<sup>1</sup> Simultaneously similar statements made English and Canadian Governments. Following publication these statements, in

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<sup>1</sup> For text of President Truman's announcement of September 23, see Department of State *Bulletin*, October 3, 1949, p. 487. The Secretary of State also made a statement on September 23, *ibid.*, p. 487. For a statement issued by the Acting Secretary of State James E. Webb on September 28, see *ibid.*, p. 488. In circular telegrams sent on September 23 at 2 a. m. and 3 a. m., neither printed, all diplomatic and consular offices were advised of the President's impending announcement that an atomic explosion had taken place within the Soviet Union, the text of which was included. (861.2423/9-2349) For other statements made at this time, see the editorial note in vol. I, p. 540.



American, English, and Canadian press, and also press other countries appeared numerous remarks showing anxiety wide public circles. In this connection Tass authorized state following: In Soviet Union, as well known, construction work of great scale going on—construction hydrostations, mines, canals, roads necessitating great explosive work with application newest technical means. Inasmuch as these explosive operations have been and are being carried on rather frequently in different regions of country, possible this might attract attention beyond borders Soviet Union. Regarding production atomic energy Tass considers necessary recall that November 6, 1947 Foreign Minister Molotov made statement re secret atomic bomb, saying 'this secret long ceased exist'.<sup>2</sup> This statement meant Soviet Union already discovered secret atomic weapon, and had this weapon at its disposal. Scientific circles USA took this statement Molotov as bluff, considering Russians could master atomic weapon not earlier than 1952. However they were mistaken as Soviet Union had already mastered secret atomic weapon in 1947. Regarding anxiety spread in this connection by certain foreign circles, no basis anxiety exists. Necessary state Soviet Government, despite possession atomic weapon, stands and intends stand in future on old position unconditional prohibition use atomic weapon. Regarding control over atomic weapon control will be necessary in order verify execution decision concerning prohibition production atomic weapon."

Please pass Defense.

Sent Department 2406; Department pass USUN 11, London 266.<sup>3</sup>

KIRK

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<sup>2</sup> Molotov made his disclosure in his speech on the celebration of the anniversary of the October Revolution. See telegram 3183 from Moscow on November 8, 1947, 7 p. m. in *Foreign Relations*, 1947, vol. iv, p. 614, and footnote 2.

<sup>3</sup> This telegram was relayed to the places indicated on September 25 at 8:15 a. m.

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861.2423/9-2649 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET

Moscow, September 26, 1949—5 p. m.

2414. Depcirtel September 23 are popular reaction press announcement atomic explosion USSR.<sup>1</sup> Department will appreciate Embassy has practically no ostensibly unofficial Soviet contacts aside from local employees and servants employed staff members who obviously not reliable and with whom we in any case hesitate initiate discussion, since such course would appear indicative degree anxiety our part. We will of course transmit any information obtainable but in circum-

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<sup>1</sup> This circular telegram was sent on September 23 at 11 a. m., not printed, to certain diplomatic and consular offices, in which the Department of State expressed the desire to receive reports of press comments and the public reaction to the revelation of an atomic explosion in the Soviet Union. Many replies are included in the Department's files under 861.2423.

stances doubt worthwhile estimate of Soviet public opinion can be expected expeditiously this matter. At same time may be noted that no public manifestations popular reaction so far apparent.

KIRK

861.2423/9-2949 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

TOP SECRET

Moscow, September 29, 1949—6 p. m.

2449. Embassy offers following tentative initial comments probable effects Soviet policy recent development atomic situation.

1. Feel no reason alter basic Embassy estimate Soviet intentions (Embdesp 202, April 6, 1949<sup>1</sup>) even if Soviets have now produced their first satisfactory bomb. While sudden unanticipated Soviet progress, beyond their expectations, in atomic field might possibly advance date on which they would be prepared accept or initiate hostilities, such date would by no means be "in the near future."

2. However, foreign public and press reaction announcement Soviet atomic explosion together with treatment by Soviet press justifies speculation that in field current Soviet foreign tactical policy they will consider their hand strengthened and will tend toward increased firmness, less disposition to "concessions" and endeavor to exploit fears of popular masses everywhere. Probably also will anticipate their "peace" offensive will fall on more fertile soil.

3. As respects atomic energy control, present situation conducive Soviet insistence on acceptance their "proposal" and statements such as that attributed *Time* suggesting outlook for international control may have been improved seem likely mislead Western public opinion.

4. Re actual status Soviet achievement in atomic field, Soviet press reaction to announcement gives no basis conclusion but suggests that specific claim atomic weapon mastered in 1947 open to serious question. Reference in Tass communiqué to construction hydro stations, mines, etc., unrealistic in insinuating atomic energy used connection such projects or that US announcement mistakenly based on explosion not atomic nature.

5. In essence Embassy feels Soviets will concentrate exploitation situation on propaganda and psychological warfare angles hoping *inter alia* stampede West into acceptance Soviet "proposal" for atomic energy control and at same time undermine Western unity painstakingly achieved recent years. Thus while pressing "peace" offensive Soviets will accompany such offensive in effect by saber rattling and

<sup>1</sup> *Ante*, p. 603.



by atomic propaganda undertones designed weaken non-Communist world and strengthen allegiance their satellite areas.

6. Service attachés concur foregoing.

Please pass Defense.<sup>2</sup>

KIRK

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<sup>2</sup>As requested, this telegram was relayed to the Department of Defense at 5 p. m., on September 29. A summary of it was also sent to the Embassies in the United Kingdom, France, and Yugoslavia in a circular telegram on September 30 at 5 a. m.

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861.00/10-149

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*<sup>1</sup>

[Extracts]

TOP SECRET

Moscow, October 1, 1949.

No. 557

Subject: Embassy's Comments on Certain Economic Aspects of Top Secret OIR Report No. 4998, "Soviet Internal Situation".

SIR: I have the honor to refer to the Department's Top Secret instruction dated July 22, 1949 transmitting Top Secret OIR Report No. 4998, July 1, 1949, "Soviet Internal Situation",<sup>2</sup> and to submit the following Embassy comments and criticisms as requested.

*Summary and Conclusions.*—This Embassy is in general agreement with the conclusion of OIR Report No. 4998 that, whatever the internal strains of the USSR may be, they are of such a nature that they will not of themselves cause an overthrow of the regime in the immediate future. However, that report is prepared on such a broad basis that it carries with it other conclusions, particularly in its economic aspects, with which this Embassy is not in agreement.

The Embassy's criticism of economic aspects of reference OIR report is divided into three parts. *Part 1:* A false separation for purposes of essential political evaluation of major recent changes and developments in the field of Soviet economics has resulted in the failure to explore and properly develop the possible incidence and meaning of these events in arriving at basic conclusions concerning current Soviet economic strength. *Part 2:* Criticisms and additional considerations applying to the section containing statistical economic estimates and the conclusions drawn therefrom *Part 3:* Embassy's non-concurrence in implied overtone and those written conclusions forming an unwritten subthesis, "Invulnerability of the Soviet Economy to Application of Western Economic Strength and Selective Trade Policy".

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<sup>1</sup>This despatch was drafted by George P. Winters, Jr., an Attaché at the Embassy in the Soviet Union.

<sup>2</sup>For the OIR Report No. 4998, July 1, see p. 623. Institution No. 80 of July 22 is not printed.



*Part 1.*—In the opinion of the Embassy, separation for the purposes of an essentially political analysis, the discussion of three recent major changes and developments in the field of Soviet economics and a corresponding failure to examine possible implications and relationships affecting general conclusions arrived at in the economic estimate section of the report mark a weakness which could result in an over-estimation of the current Soviet internal economic situation.

*a. The Voznesenski Affair.*—In connection with what was perhaps the single most significant development in the three-postwar-year history of the Soviet Union, the removal in March, 1949 of Nikolai Voznesenski from his post as Chief of GosPlan, Deputy Chairman of the Council of Ministers and from the Politbureau,<sup>3</sup> report states on p. 8, “. . . If past expulsions offer any precedent, the reasons for Voznesenski's ouster will be found not in administrative shortcomings or economic failures charged against him but either in some clash of opinions on techniques, which left Voznesenski isolated, or in some intramural intrigues”.

Treatment of this development in connection with the report's political sub-section, “Possible Weaknesses of the Party or Politbureau”, and its utilization in support of the conclusion that “there has been no alteration in the solidarity of party leadership”, plus subsequent failure to adequately test the relationship of this event to the functioning of the Soviet economy is therefore considered a two-count basic weakness.

It is the Embassy's view that the majority of available historical evidence supports the fundamental conclusion that Voznesenski's power and successes are essentially attributable to his genius and success in the *practical* aspects of the work of the State Planning Commission.

. . . Therefore, while the Embassy can wholeheartedly support the conclusion that Stalin continues to reign supreme, it is felt that the application of the Voznesenski case offers little support to the proposition and its analysis is more deserving of development in other connections referenced below.

*b. Interpretation of the 1948 Ministerial Recentralizations.*—Discussion of the 1948 economic ministerial “consolidations” is carried out in the reference document in considering the question of the possibilities of instability of the Soviet Government apparatus. In the opinion of the Embassy the failure to properly identify these reconsolidations as reversals of high economic policy of the recent past or to refer to the removal of the Central Statistical Administration from GosPlan control in the same connection constitutes further shortcomings of the study.

The evidence cited to prove that the series of ministerial reconsolidations were “motivated by a desire to increase efficiency”, which included the statement of the Secretary of the Presidium of the

<sup>3</sup> In regard to the removal of Nikolay Alexeyevich Voznesensky from his positions, see telegram 671 from Moscow on March 16, p. 594.

Supreme Soviet on p. 11,<sup>4</sup> fails to take into consideration the fact that almost the identical purposes were listed by the Soviet Government as the aim behind the wartime and immediate postwar decentralization trend and related decrees published at that time. Herein lies evidence that the new trend marks a sweeping reversal of high economic policy. The question, "Is this a reversal of Voznesenski policy?", therefore requires fuller consideration. The reseparation of the Central Statistical Administration from GosPlan after almost ten years provides not only evidence of policy reversal but also carries implications of miscalculation and over-reporting of industrial fulfillments, etc., with most serious potential repercussions and consequences in a tightly planned economy.

Consequently, the importance of the relationship of these events to recently published statistics utilized by our research organizations and a basis for important conclusions re Soviet economic strength is deemed deserving of more extensive exploration and development.

*c. The Varga Affair.*—The Varga controversy, which might be considered the second most important economic development in postwar Soviet history, is once again treated by the reference document under the heading of possible party or Politbureau weaknesses. For the following reasons the Embassy cannot concur in the indiscriminate lumping of this controversy together and on the same level of importance with the ideological "house cleanings" which have transpired in other less critical fields.

*Part 2.—Estimates of Soviet Economic Strength.*—While the Embassy is confident that the study's individual production estimates are the best available, it feels at the same time that failure to fully illustrate the degree of our dependence on Soviet sources, our lack of quality indexes, or to consider the possibilities for calculated Soviet deception as a disguise of weaknesses could result in an over-valuation of our current estimates concerning the strength of Soviet economy and its progress in rehabilitation.

(3) As regards the conclusions acknowledging the essential success of the Soviet Union in achieving its central industrial and transport goals outlined in the extract above, the following comments relative to these achievements are deemed in order.

Past experience would indicate that the USSR establishes its central five-year and annual goals for coal, steel, oil, electric power, rail-

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<sup>4</sup> The complete statement of the Secretary of the Presidium of the Supreme Council as contained on page 11 of the OIR Report No. 4998 of July 1, reads as follows:

"In the past 12 months, there has been a series of ministerial consolidations and reorganizations. Most of these were connected with control of the economy and, according to the Secretary of the Presidium of the Supreme Soviet, had for their stated purpose:

'to improve control over the work of these branches of industry, to develop them further in accordance with the needs of the economy, to increase further the production of consumers' goods, to utilize better the growing cadres of qualified specialists, and to reduce the expenses of administrative apparatus.'"



road transport and heavy industry construction within optimistic but generally feasible limits. It seems also probable that Mr. Stalin observes the month by month progress of these central sectors with a watchful and jealous eye, consequently that strain of almost any cost attaches to plan fulfillment here as does his unreasonable wrath to laggings and failures. Yet with a labor force presently 1,000,000 over that planned for the year 1950, plus extensive utilization of military labor and POW's whose repatriation is long overdue, there is every indication, as borne out by the reference document, that petroleum, steel and heavy industry construction are lagging somewhat behind their goals, that the installed capacity of the electric power network is not up to plan, and that efficiency goals in railroad transport are not being fulfilled. The coal industry alone, which has undoubtedly received a priority share of the excess labor force, is quantitatively though not qualitatively up to and ahead of plan. Ignoring then the meagerness of firm statistical information on Soviet production or the possibility that recent Soviet statistics in these areas are possibly deceptive or misleading as a disguise for Soviet weakness—are there not indications here that unforeseen difficulties have been encountered over the course of development of the postwar five-year plan sufficiently serious to compel reallocation of basic resources, to compel revision of perhaps major military goals, on which no information is published, or other more subsidiary goals. On the basis of their own figures the Soviets surely entertain no serious illusions as to fulfilling the five-year plan in four years, while announcement of a new plan at the end of 1949 would provide the best evidence of serious implementation troubles.

One generalization regarding a vital economic branch which appeared in the reference report might be pointed up for particular attention at this point:

“From the standpoint of planned economic development oil extraction in the USSR is not a bottleneck.” (p. 30)

This conclusion impresses the Embassy as at least inadequately supported and very probably in error. Current heavy shipments from, and draft exploitation of, the Rumanian oil industry, taken together with current Soviet anxiety in seeking the maximum proportion of Austrian oil resources, would seem adequate testimony of extreme Soviet concern in this area. In addition, their continuous attention accorded the development of non-petroleum consuming power and transport alternatives might be construed as indication that at least the USSR considers petroleum an actual or potential bottleneck.

The critical import of oil in a modern economy, hence the expanding oil requirements of the USSR, assuming that growing demands arising from increased vehicle, tractor and aircraft production and utilization are to be satisfied, lead this Embassy to consider this as one of the most promising areas for exploitation of Soviet weakness through application of economic pressure.

*Part 3.—Soviet “Invulnerability” to Application of Western Economic Power through Selective Trade Program.*—The tone of the reference study conveys an implication of relative Soviet invulner-



ability to U.S. trade control policy, in which the Embassy cannot concur.

. . . . .

Initial exception might be taken to the statement, "Economic difficulties exist and shortages prevail but they were obviously taken into account by the planners, and the Soviet Government can be expected either gradually to eliminate them or to live with them." The above implies almost psychic foresight on the part of Soviet planners, when practically all would agree that such developments as U.S. post-war rejection of isolation, developing Western unity and cooperation, and most particularly the introduction of the U.S. export control program, ran counter to the best estimates of the central core of the Politbureau in 1945. In this connection we might recall Premier Stalin's evidently quite serious intimation to high members of our government in the late war years that the USSR would be performing a rather considerable favor for the capitalist U.S. in deigning to accept a postwar loan from our government, thereby providing an outlet and employment for over-expanded American production facilities. It is not logical to assume, therefore, that instead of a partial economic blockade Soviet planners in 1945 were working with assumptions that from one to six billion dollars in high priority industrial equipment could be expected to supplement the inflow of these critical and bottleneck commodities, earnable by exports and gold sales and that serious economic dislocations have been a result of this miscalculation?

Many another piece of indirect evidence is on hand to lend support to such a conclusion, i.e., strong Soviet protests and subsequent withholding of Lend-Lease interest payments because of direct losses accruing to Soviet organizations as a result of U.S. licensing policy; the parade of Soviet propaganda drives at home and abroad accusing the United States of discrimination and renunciation of commercial agreements; the advancement time and again of the old panacea of credits and expanded trade with the USSR and its dominated areas as a solution for every rash of economic difficulties which breaks out in the capitalist world; Soviet sacrifice of important dollar earnings in cutting manganese exports to the United States as a lever to force resumption of normal trade, etc.

The extent of forced reallocation of resources and readjustment of planning goals mentioned earlier would of course be the best evidence of the effect of U.S. inspired trade restrictions. Unhappily, however, we would be unwise to expect the Soviets to provide us this evidence in scholarly, deducible, concrete terms.

Questions of calculated Soviet deception, absence of qualitative indexes in arriving at our estimates, and the considered failure to adequately relate important developments in the economic field in tempering our Soviet industrial assessments and the conclusions de-

rived therefrom, which are indicated above as elements of weakness in the over-all study, have of course a vital bearing on any assessment of U.S. Government policy regarding trade relations with Soviet dominated areas.

From the policy point of view, therefore, the report's "under-estimation" of the past effect of the U.S. trade restriction program and subsequent failure to consider or treat the potential of Western trade restriction as a positive offensive weapon against the USSR are of deepest concern to this Embassy.

Further examination of problems closely related to those raised in the foregoing will be found in a paper containing recommendations regarding East-West trade (Embassy despatch no. 558<sup>5</sup>) and the supporting studies forwarded as enclosures.

Respectfully yours,

ALAN G. KIRK

<sup>5</sup> October 1, *ante*, p. 142.

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861.2423/10-549 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET

Moscow, October 5, 1949—4 p. m.

2516. Embtel 2414, September 26. Few Soviet popular reactions President's announcement atomic explosion USSR gleaned chiefly by American correspondents. Samples correspond to our guess about general attitude of Soviet citizens: Little excitement, some pride in Soviet achievement, perhaps slightly greater sense security due diminution American atomic "threat." We believe majority accepted Molotov 1947 statement, hence President's statement not major surprise. Also Soviet press has never whipped up apocalyptic hysteria about importance of bomb as has US press since 1945. Soviet citizens very much absorbed in problems daily life, believed less tense about chance of war than year ago, constantly assured by own leaders that warmongers will not succeed launch war.

KIRK

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361.1115/10-649

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET URGENT

Moscow, October 6, 1949.

No. 566

The Ambassador has the honor to refer to the Department's telegram No. 492 of July 5, 1949 (7 p. m.)<sup>1</sup> and to previous correspondence on the subject of a proposed exchange of Soviet criminal displaced

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<sup>1</sup> Not printed, but see telegram 1557 from Moscow on June 18, footnote 4, p. 623.



persons in Germany for American citizens detained for forced labor in the Soviet Union.

Although the Embassy has not yet received information on the dates of release from the Soviet Union of two of the six persons on whom the Embassy was making a special check, it would appear from the replies received on the other four that none of the persons listed in Note No. 36 of May 7, 1949, from the Soviet Ministry of Foreign Affairs (Embassy's telegram to Berlin No. 160, June 14, 1949, repeated to Department as No. 1557<sup>2</sup>), were released subsequent to General Hays' letter of January 7, 1949, to Major [General] Yurkin, Administrator in Berlin of the Soviet military.<sup>3</sup> Thus, the Ministry's Note No. 36 might be interpreted as an attempt to "sell us a dead horse"; i.e., to obtain the release of Soviet criminals held by the United States in Germany in exchange for American citizens who already had been released from Soviet custody but about whom the Embassy was on record as having evinced an interest.

The Embassy has now sent the enclosed note, No. 575 dated October 4, 1949,<sup>4</sup> to the Acting Minister of Foreign Affairs in answer to the Ministry's note of May 7, presenting for renewed and urgent considerations the names of 31 American citizens under detention for forced labor in the Soviet Union. These names were selected after careful review of the cases previously presented to the Ministry, and concerning which the Embassy has made representations to the Ministry during the last two years. The Embassy has endeavored to eliminate from its list the names of all persons about whose American citizenship there is any doubt as well as those considered to have had Nazi connections or sympathies. (Briefs of these individual cases will be sent to the Department in a subsequent despatch.<sup>5</sup>)

While no mention has been made of an exchange proposal in the Embassy's note No. 575, it is assumed that the Embassy's list of names

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<sup>2</sup> Note No. 36 is not printed; but see telegram 1557 from Moscow on June 18, and footnote 1, p. 622.

<sup>3</sup> See airgram A-126 from Berlin on February 18, and footnotes 1, 2, and 3, p. 574.

<sup>4</sup> The Embassy's Note No. 575, with its enclosed list of 31 American citizens detained for forced labor in the Soviet Union, is not printed. In the note Ambassador Kirk pointed out that the status of these persons as American citizens was not open to question, and that repeated representations in their behalf had been lodged with the Ministry of Foreign Affairs over a period of years. He felt it now necessary "to reiterate that the majority of the thirty-one American citizens to which I now refer are women, that they have been in the Soviet Union for several years, that they have not been afforded an opportunity to communicate with their Embassy, and that, in most cases, their closest living relatives are in the United States." The Ambassador concluded with a request to the Acting Minister for Foreign Affairs, Andrey Andreyevich Gromyko, that he would give "personal attention to the individual cases of these persons with a view to their early release and departure from the Soviet Union."

<sup>5</sup> Despatch No. 582 from Moscow on October 10, not printed. This despatch transmitted 29 citizenship briefs on these 31 American citizens being held at forced labor in the Soviet Union, with background information and details, to the Department of State.



will be understood as referring to such an exchange if the Ministry's note of May 7 was written with the Hays' letter in mind.

In this general connection, the Department's attention is also drawn to the Embassy's despatch No. 509 of September 7, 1949,<sup>6</sup> on the subject of the detention of American citizens in the Soviet Union.

<sup>6</sup> Not printed.

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861.2423/11-1849 : Airgram

*The Chargé in the Soviet Union (Barbour) to the Secretary of State*

SECRET

Moscow, October 18, 1949.

A-1043. The Embassy considers it a mistake to evaluate the effect on Soviet intentions of Soviet ability to produce an atomic explosion primarily in terms of a Soviet "inferiority complex". This point of view crops up so frequently (e.g. Depciragam October 4, 1949, 11:20 a. m.<sup>1</sup>) that seems to deserve brief comment.

It is doubtless true that many Russians have at various times felt their country inferior to the west in certain respects, and it is not unlikely that this feeling has occasionally expressed itself in exaggeratedly aggressive behavior, as "inferiority complexes" are said to do. But the persons who decide Soviet policy today are a Georgian who has been at the pinnacle of power for 25 years, plus his immediate entourage. These men now govern a state which has only one equal in the world, and control a world communist network which, among other things, has recently prospered in China. The idea that they suffer decisively from a sense of inferiority as late as September, 1949, is not plausible. Consequently the suggestion that adding the atom to their arsenal has alleviated their "inferiority complex" is less than controlling. In the Embassy's opinion, they have merely revised upward—but not very greatly—their estimate of their relative strength in the world, and will alter correspondingly the reach, force and timing of their diplomatic and other moves.

BARBOUR

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<sup>1</sup> Not printed.

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811.42700 (R)/10-2149 : Airgram

*The Chargé in the Soviet Union (Barbour) to the Secretary of State*

CONFIDENTIAL

Moscow, October 21, 1949.

A-1057. Attention: IBD—NY. Embassy monitoring Moscow continues to show Russian VOA almost totally jammed. However, unconfirmed reports other cities e.g. Odessa, Tbilisi state Russian VOA gets in somewhat better there. Furthermore Russian BBC continues to

be heard in Moscow on several wave lengths with some degree of consistency.<sup>1</sup>

Above suggests Soviet authorities unable to carry out complete blanketing job of jamming, since supposition that Soviet authorities do not mind Russians hearing Russian BBC in Moscow, and perhaps, Odessa inhabitants hearing Russian VOA, is certainly improbable. More reasonable to suppose that as yet Soviets still lack sufficient jammers for a thorough job.

Therefore, suggest advisability considering possibility persuading our friends in Western Europe and along U.S.S.R. periphery to include in their broadcasts a daily transmission of international and world news in the Russian language. If everybody suitably located geographically grinds out the news in Russian some of it ought to get in to the U.S.S.R. Furthermore it is world news and basic information rather than commentaries for which Russian people are starving. If such a project could be carried out with some but not all the eligible countries, it might serve to spread the jamming so thin that more VOA material could get in.

If countries concerned plead no money, it might be worth our while to help finance their burden. By doing so we would also have some control over the type of news sent. Basically, however, straight news is what is needed, and it would make little difference whether the news from AP, Reuter, France Presse, or any other large reputable wire service were used.

BARBOUR

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<sup>1</sup> The Chargé reported in airgram A-1074 from Moscow on October 26, that the press section of the British Embassy surmised that the reception of British Broadcasting Corporation programs in the Soviet Union was better because they came direct over a shorter distance. Most Voice of America broadcasts had to be relayed, as through Munich, which allowed Soviet technicians to concentrate their main efforts on swamping these American transmissions coming over a comparatively short distance from the Soviet Union. It did not seem necessary to suppose that political reasons played any part in the difference in the audibility of the receptions. (811.42700 (R)/10-2649)

American technical authorities tended to agree to the disadvantages that long transmission distances from North America would cause. It also did not appear likely that any spectacular improvement in overcoming jamming of transmitters located nearer to the Soviet Union could happen when combatted by a well organized jamming program in the Soviet Union. (811.42700 (R)/10-3149)

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861.00/10-2249 : Telegram

*The Chargé in the Soviet Union (Barbour) to the Secretary of State*

SECRET

Moscow, October 22, 1949—5 p.m.

2650. Re defectors from west (Deptel 763, October 17<sup>1</sup>).

(1) Embassy believes Soviet authorities eager for defectors

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<sup>1</sup> Not printed. The Department of State explained that it was collaborating with other interested government agencies on a national policy for handling Soviet defectors, leading eventually to the development of a program for the admission into the United States of some defectors of high potential. The Embassy was asked to furnish its views and information on several questions, which are set forth in this responding telegram.



pecially qualified for intelligence, psychological and technological exploitation. Though almost any could be used at least for psychological [exploitation?] large numbers would probably not be encouraged indiscriminately due to suspicion any foreigner might be espionage cover. Also those useful to Communist cause abroad would be told stay there unless more desirable exploit or train here (Embassy's A-1014, October 7<sup>2</sup>).

(2) Position of defectors: Soviet authorities probably grant status requisite for exploitation plus decoy others, but always regard with suspicion, at times ill-conceived, maintain careful surveillance and some degree segregation. Position tends deteriorate with time. When exploitation ended, defector at best drops to status second-class citizen, at worst liquidated as security precaution. Even during exploitation more liable than ordinary citizen to castigation as wrecker if makes mistake in work, and to loss of status if Soviet individual responsible for his exploitation replaced, e.g. Polish chemist came here during war, opted Soviet citizenship, enjoyed ample facilities, then was arrested recently.

Soviet people probably view defectors from west with mixture of kindness, curiosity and credulity tempered by police-inspired fear of foreign contact.

(3) Exploitation of defectors in psychological field not only public statements and books; probably also used for language skills, knowledge foreign customs and psychology. Intelligence field given top priority, thoroughly exploited; some possibly groomed as long-range foreign agents. Exploitation scientific-technological skills also important, given Soviet deficiencies this field (Embassy Naval Attaché reports 145-49, September 21); e.g. Embassy radio man was approached with statement he would be "big man in USSR, well provided for" if elected remain here.

(4) On treatment see paragraph (2). Psychological reactions to it as varied as mental patterns leading to defection. Final regret virtually inevitable for all except those with protective neuroses.

(5) Believe Soviets make no efforts to assimilate because results never trusted; efforts are to watch and keep under control. Economic "security" impossible for anyone except Stalin in USSR, since status subject to change without notice. People with foreign backgrounds known to be handicapped in finding employment. Hence when exploitation of defector ended, his prospective earning power varies from below average to zero.

(6) Measures to ensure against re-defection vary from normal Soviet restrictions on movement plus special police surveillance and warning against suspicious moves (such as talking to Embassy officials

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<sup>2</sup> Not printed.



of former country) with threat of dire consequences for self and local friends, to death.

BARBOUR

861.415/10-2949 : Telegram

*The Secretary of State to the Embassy in the Soviet Union*<sup>1</sup>

RESTRICTED

WASHINGTON, October 29, 1949—11 a. m.

803. Send Shvernik<sup>2</sup> fol through appropriate channels Nov 7 "On this national holiday of the Union of Soviet Socialist Republics I have been instructed by my Government to inform you that the people of the United States send best wishes to the people of the Soviet Union."<sup>3</sup>

ACHESON

<sup>1</sup> There is a notation at the bottom of the page which reads: "This telegram has been cleared with the White House."

<sup>2</sup> Nikolay Mikhailovich Shvernik was Chairman (President) of the Presidium of the Supreme Council of the Soviet Union.

<sup>3</sup> In regard to the nature of the greeting sent in the previous year, see telegram 1285 to Moscow on November 1, and footnote 2, *Foreign Relations*, 1948, vol. iv, p. 929.

501/11-149 : Telegram

*The Chargé in the Soviet Union (Barbour) to the Secretary of State*

SECRET

Moscow, November 1, 1949—10 a. m.

2725. Of considerable topical interest in view current speculations as to Soviet intentions regarding UN (Embtel 2688, October 26<sup>1</sup>) is appearance 9½ column article by N. Evgenyev in *New Times* October 26 under title "Attack of Anglo-American Bloc on Principles". General theme of article is that Soviets have been and remain faithful to principles UN Charter while Anglo-American Bloc, finding Charter interferes with their aggressive plans, are guilty of many violations of Charter.

Article credits Stalin with idea of creating UN, claims Soviet Union took "the most active part" in drawing up UN Charter and describes Charter as "built on principles which under present conditions further aims of peaceful democratic cooperation of peoples".

Principal emphasis of article is ironically enough (view Soviet-Yugoslav controversy) on equality of great and small states as basic principle of Charter and of Soviet foreign policy. Author asserts this principle "closely tied with another basic Charter principle—with principle of unanimity of great powers" which "was formulated on December 5, 1944 by US Delegation in Crimea."

<sup>1</sup> Not printed.

Anglo-American "violations" Charter then discussed in some detail including Interim Committee, UNSCOB, UNCOK, Human Rights in satellites "armaments appropriations" prohibition atomic weapons formation of "aggressive blocs". Only passing references election Yugoslavia SC.

Proposals introduced by Soviets this session GA described as strengthening authority prestige and effectiveness UN while Anglo-American politicians attempt to "lead UN away from its direct tasks of defending peace and international security."

Article concludes: "Principles of UN Charter form basis for fruitful cooperation peace-loving states. Struggle for these principles inseparably tied with struggle of democratic camp against warmongers for stable peace and international security."

Embassy forwarding full text airmail.

Sent Department 2725. Dept pass USUN 66.

BARBOUR

861.111/11-549

*The Chargé of the Soviet Union (Bazykin) to the Under Secretary of State (Webb)*

[TRANSLATION]

No. 136

WASHINGTON, November 5, 1949.

SIR: The Embassy of the Union of Soviet Socialist Republics acknowledges receipt of your note of October 28, 1949<sup>1</sup> containing the request that the Department of State be informed relative to the intentions of the Soviet Government on the question of the replacement of the American clergyman, A. Laberge, who served in a church on Malaya Lubyanka Street in Moscow and who has departed from the Soviet Union, by another American clergyman, J. Brassard.

In connection with this note the Embassy states that the question set forth in the note relates exclusively to the competence of the properly registered society of believers of the given church.

According to the Embassy's information, the society of believers has already invited another priest who actually is serving in the mentioned church at the present time.

It goes without saying that there will be no objection to the travel

<sup>1</sup> The note of October 28, 1949, not printed, from Under Secretary of State Webb to the Chargé of the Soviet Union Vladimir Ivanovich Bazykin recited the long delay of over 8 months in the issuance of an entry visa to Father Brassard to go to the Soviet Union as replacement for Father Laberge. The interest of the Department in this visa application was again stressed, and the note closed with the request to "be provided with an early indication of the Soviet Government's intentions in the matter." (861.111/7-1449)

to Moscow of Mr. Brassard if he is traveling in order to serve the personnel of the Embassy of the USA.<sup>2</sup>

Accept [etc.]

BAZYKIN

<sup>2</sup> Father Brassard did not succeed Father Laberge. A French Catholic priest, Father Jean de Matha Thomas, who was the assistant to Father Laberge, supplied some services until his own expulsion in August 1950, but was much circumscribed in the exercise of his functions and church control by acts of the Soviet Government. See the account by former Ambassador Walter Bedell Smith, *My Three Years in Moscow* (Philadelphia and New York, J. B. Lippincott Company, 1950), pp. 277-279.

861.00/11-749 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

CONFIDENTIAL

Moscow, November 7, 1949—6 p. m.

2791. Embassy pouching full translation Malenkov November 6 speech.<sup>1</sup>

Contents assumed amply reported by press and radio. Following are Embassy's initial impressions.

Tone of speech more militant and triumphant than previous post-war November 6 addresses. Socialist "gains" at home and abroad advanced in bellicose language as warning to warmongers and "proof" socialism superior capitalism. "Peace" theme played up in continuation current propaganda line, while US more than ever singled out as chief enemy whose rulers seek salvation through domination Western Europe industry, colonial markets, and preparation new war—which if actually begun will mean end world capitalism, afflict American continent in contrast previous wars. Elation over general international situation expressed in statement "never in history has our fatherland been surrounded by such friendly neighboring countries," including China.

Internalwise, speech strained economic elements past plausible limits but West's information programs will be hard pressed and Embassy recommends super effort offset impressions transmitted by Malenkov's statistics to prove incontrovertible superiority Soviet economic system over decaying capitalist structure: e.g., in USSR average monthly production level all industry more than 50 per cent above monthly output 1940. With 1950 goal 48 per cent above 1940 clear that five year plan to be fulfilled ahead of time. Industry occupied territories achieved pre-war production level September 1949. This year's harvest surpassed 1940, 128 million more poods<sup>2</sup> grain delivered state by collective and state farms than last year. Grain problem solved.

<sup>1</sup> Despatch No. 653 from Moscow on November 10, not printed. For the complete text of the speech, see *Current Digest of the Soviet Press*, November 22, 1949, pp. 1-10. There are extensive extracts in *Survey of International Affairs, 1949-1950*, pp. 129-139.

<sup>2</sup> A pud (pood) was the equivalent of 36.11 pounds.



Theme current economic crisis US pressed particularly hard and emphasis laid on fact American economy had not suffered two destructive wars as had Soviet. US production fell 22 per cent October 1948–October 1949 compared only 13 per cent decline over first year 1929–33 crisis period.

Forty millions at present suffering tragedy unemployment capitalist world as whole.

Hints of Soviet world strategy: (1) decisive importance attached Soviet control of all Germany implied by saying “impossible ensure European and therefore international peace too unless German question correctly solved”. This suggests if Soviets gain Germany in addition to China, war with Soviet bloc will be out of question, hence world peace (i.e., Pax Sovietica) assured. (2) China is springboard, not resting point for Soviet drive in East, indicated by Lenin “linking India with China as decisive factors in world struggle between capitalism and communism, plus statement that China victory opens new page in history all oppressed peoples of Asia and Pacific, raising national liberation struggle to higher level. (3) Singling out US as aggressor among capitalist countries is obvious effort boast intra-capitalist “contradictions” which believed growing more acute. (4) Mention of “peaceful settlement with Japan” echoes Vyshinsky at CFM. (5) Allusion to World War III as end of all capitalism fits timetable implied in Stalin’s basic writings.

Please pass Army, Navy, Air.

Sent Department 2791; <sup>3</sup> Department pass Paris 392.

KIRK

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\* A circular airgram was dispatched on November 9 at 10:50 a. m., to 36 posts abroad in Europe and Asia which contained a summary of the Embassy’s impressions of the speech by Malenkov as expressed in this telegram.

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861.415/11–949 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

CONFIDENTIAL

Moscow, November 9, 1949—1 p. m.

2797. In connection with October revolution celebrations following are some observations from personal experiences:

Sunday evening Bolshoi Theatre originally announced as 6 p. m. was postponed at 5:30 to 7 p. m. On stage were noted in order on right of chairman (Moscow Party Secretary<sup>1</sup>) Shvernik, Molotov, Voroshilov,<sup>2</sup> Beria, Kaganovitch, Malenkov; to left local Moscow

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<sup>1</sup> Georgy Mikhailovich Popov.

<sup>2</sup> Kliment Yefremovich Voroshilov, Marshal of the Soviet Union, was a member of the Politburo, of the Central Committee of the Communist Party, and a Deputy Chairman of the Council of Ministers.

Party leaders. Marshal Budienny<sup>3</sup> in second row. Audience appeared unusually well dressed for Moscow, many women wearing good quality furs and general atmosphere one of selected important local party leaders plus families. Applause pronounced when Malenkov spoke of "peace", of Soviet strength, of American imperialism and economic domination West Europe (America mentioned 25 times in speech and always as villain). While I did not personally so observe, yet other diplomats tell me applause controlled by buzzer from chairman as to initiation and duration. Embtel 2791, November 7 gives highlights speech.

Monday forenoon review apparently similar previous occasions and fibered [*favorable*] by beautiful weather. As one Russian friend remarked "bog bezbozhnikov pomogayet" (God helps the godless). Review well organized, smartly conducted and "spontaneous" civilian march past lasted about four hours. In stands left of Lenin tomb new Chinese Military Attaché conspicuously placed and photographed between Russian guards. Same for Polish General.

Monday evening diplomatic reception by Gromyko well done with ample refreshments and atmosphere of content and pride in accomplishments. Noted particularly new Chinese seated special table with Budienny, Czech Minister, Bulgarian Minister and others making big play many toasts. Later Budienny used to give East Germans similar treatment (results somewhat deleterious to Marshal's stability toward end of evening). Joliet-Curie<sup>4</sup> present and well-treated. Talked with Marshal Sokolovsky<sup>5</sup> who wanted to know why Clay<sup>6</sup> left Berlin: told him Clay's successful tour was over and US now desired civilian control, saying he would find McCloy strong, firm and intelligent. Sensed Sokolovsky seemed pretty pleased with himself and somewhat inclined to patronize. He asked what I had done in war, so said had participated in opening second "second front" in west, Gromyko who interpreted for me asked if I really meant second "second front", and upon my insistence Marshal Sokolovsky asked what was "first"—I said "good front existed in west in 39-40"—which drew no comment but brought conversation down to plane of equality.

My general impression is all walks life feeling pretty pleased with results and rather cocky over their successes in China, elsewhere and their own atomic bomb; I would not say truculent but still quite self-satisfied with year's progress—and perhaps with reason.

<sup>3</sup> Semen Mikhailovich Budyenny, Marshal of the Soviet Union, was a member of the Central Committee of the Communist Party and a Deputy Minister of Agriculture and Chairman of the Technical Council of that Ministry's Main Administration of Horsebreeding.

<sup>4</sup> Jean Frédéric Joliot-Curie was a famous French scientist and Communist.

<sup>5</sup> Vasily Danilovich Sokolovsky, Marshal of the Soviet Union, was First Deputy Minister of Armed Forces from March 1949, and previously was Chief of the Soviet Military Administration in Germany (SMAG).

<sup>6</sup> Gen. Lucius Dubois Clay had been Military Governor for Germany, and Commander in Chief, European Command.



Department pass to Paris (for Secretary <sup>7</sup>) 396, London 307.

KIRK

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<sup>7</sup> The Secretary of State was in Paris for consultations on German questions with Foreign Secretary Bevin of the United Kingdom and Foreign Minister Robert Schuman of France. For documentation, see vol. III, pp. 632 ff.

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861.00/11-949 : Airgram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

CONFIDENTIAL

Moscow, November 9, 1949.

A-1113. The fact that Malenkov instead of Molotov delivered the keynote address on the occasion of the 32nd anniversary of the October revolution (Embtel 2791, November 7) tends to serve as confirmation of the former's growing prestige in top Party circles. Moreover, the speech was delivered with an assurance and an air of authority—there were on the whole few appeals to the higher authority of Lenin and Stalin—commonly associated only with Stalin himself.

But it would be too hasty to conclude that Molotov's apparent position as number two in the Party hierarchy is about to be challenged by Malenkov. Pictures of the Politburo that have been posted around Moscow in connection with the November 7 celebration indicate that Molotov is still comfortably holding his own in Party ranks: a typical lineup finds 11 pictures under that of Stalin, with Molotov's centered directly beneath. His name is also mentioned first in the *Pravda* account of the celebration. Also it may be worth recalling that at the Tolbukhin funeral<sup>1</sup> Molotov and Malenkov headed the pallbearers but it was Molotov who finally pushed the urn of ashes into its niche in the Kremlin wall.

Malenkov may have been chosen over Molotov, who delivered the preceding two anniversary addresses, primarily because of his speaking ability. Malenkov is far superior as a speaker to Molotov, who tends to stammer under tension. Furthermore, the assurance with which Malenkov delivered his speech should be regarded primarily as an indication of how the Party genuinely regards the achievements of socialism during the past year in both the domestic and foreign fields. The extent to which it also reflects Malenkov's personality and prestige is more difficult to assess. It is hardly conceivable in any case that the speech was not carefully scrutinized by a number of Party leaders if not by Stalin himself.

[The final paragraph, which is omitted, listed the positions of the leaders as they lined up on Lenin's mausoleum for the march through

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<sup>1</sup> Fedor Ivanovich Tolbukhin was a Marshal of the Soviet Union, who accepted the surrender of the Germany Army at Stalingrad, died in Moscow on October 17, 1949, while he was troop commander of the Transcaucasus military region.



the Red Square on November 7. A few absences were noted, but nothing unusual was observed.]

KIRK

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861.00/11-1049 : Airgram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

RESTRICTED

Moscow, November 10, 1949.

A-1118. Soviet propaganda efforts to rewrite the history of the recent war against Japan are illustrated by the following quotation from an eleven page article on "The Creation of the Chinese People's Republic", which appeared in *The Agitator's Notebook* No. 30, October 1949, completely overlooking the part which the United States played in the defeat of Japan. It is treatment like this that has led Soviet school children to ask whether or not the United States took part in the war against Japan.

"When the Japanese imperialists attacked China, the Soviet Union came to the aid of the Chinese people and was the only country giving effective aid to China. While the United States and England were furnishing the Japanese with airplanes, explosives and strategic materials, not protesting against the blockade of Chinese ports, the Soviet Union gave several loans on favorable terms to China. The Chinese Army fighting against the Japanese occupiers received airplanes, weapons, military supplies and explosives from the U.S.S.R., while Soviet volunteer pilots guarded the peaceful population of Chinese cities and villages from attack by Japanese planes.

"Having destroyed fascist Germany the Soviet Union in August 1945 declared war upon Japan. The Soviet Army destroyed the Kwantung Army, after which Japan was obliged to surrender. In its victorious attack the Soviet Army freed and returned to China Manchuria, the peoples of which had languished for fourteen years under the yoke of the Japanese imperialists."

KIRK

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840.811/11-1549

*The Secretary of State to the Chargé of the Soviet Union (Bazykin)*

The Secretary of State presents his compliments to the Chargé d'Affaires ad interim of the Union of Soviet Socialist Republics and refers to the meeting held November 11, at Galatz, Rumania under the terms of the Convention signed at Belgrade August 18, 1948 by the Union of Soviet Socialist Republics, the People's Republic of Bulgaria, the Republic of Czechoslovakia, the Hungarian People's Republic, the People's Republic of Rumania, the Ukrainian Soviet

Socialist Republic and the Federal People's Republic of Yugoslavia.<sup>1</sup>

The Government of the United States desires to advise the Government of the Union of Soviet Socialist Republics that the Government of the United States does not recognize that Convention as having any valid international effect.

The Convention signed by seven delegations over the objections of the Governments of France, the United Kingdom, the United States, and Austria and, in contravention of the concept of international waterways which has been recognized in Europe for more than 130 years. It fails to provide an adequate basis for freedom of navigation on the Danube. In this failure it negates the provision of the peace treaties with Bulgaria, Hungary, and Rumania, and also fails to carry out the decision of the Council of Foreign Ministers of December 6, 1946.<sup>2</sup> Moreover, the Convention omits any provision for nonriparian representation in a Danube Commission. It seeks to deprive the United Kingdom, France, Italy, Belgium, and Greece, without their consent, of treaty rights established by international agreement in 1921<sup>3</sup> and disregards the legitimate interests of non-riparian states. The rejection by the majority at the Belgrade Conference of any relationship between the Danube Commission and the United Nations indicates an intention to seal off the Danube area from normal intercourse with the rest of the world to the area's own direct disadvantage.

Although the Convention professes to devise a regime of navigation in the interest of all riparian states, Austria is at present denied representation on the so-called Danube Commission and no provision whatsoever is made with respect to German participation.

The Belgrade Convention, when coupled with the device of Soviet-controlled joint companies which acquired long-term exclusive control

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<sup>1</sup> For documentation on the participation of the United States in the Belgrade Conference on the régime for free navigation of the Danube River, see *Foreign Relations*, 1948, vol. iv, pp. 593 ff. The text of the convention signed on August 18, 1948 (with two Annexes and a Supplementary Protocol) is in United Nations Treaty Series, vol. xxxiii, pp. 181-225.

The Embassy in the Soviet Union was informed by the Department of State in telegram 847 on November 18, 1949, that this note had been delivered to the six signatories of the Convention which had missions in Washington (the Ukrainian Soviet Socialist Republic did not have a separate mission). In delivering the note to the Yugoslav Embassy it was pointed out that the United States realized that Yugoslavia, through its own experience, had discovered that the "Convention did not guarantee equality of treatment" on the river, and that it had "publicly denounced Sov[iet] exploitation". While in consequence Yugoslavia was not in the same position as the other signatories, it was deemed necessary to deliver the note anyhow, because Yugoslavia had not repudiated the Convention and had attended the meeting of the Danube Commission held at Galatz. (840.811/11-1849) The text of the United States note was published in the Department of State *Bulletin*, November 28, 1949, p. 832.

<sup>2</sup> *Foreign Relations*, 1946, vol. ii, p. 1446.

<sup>3</sup> Convention Instituting the Definitive Statute of the Danube, signed at Paris on July 23, 1921. For text, see League of Nations Treaty Series, vol. xxvi, pp. 175-199.

of facilities essential to the conduct of Danube commerce, is clearly designed to enable the Soviet Union to maintain a monopoly of Danubian commerce.

For these reasons, the Government of the United States does not recognize the jurisdiction of the Danube Commission, established under the Belgrade Convention, over any part of the Danube River. The Government of the United States looks forward to the time when the states interested in the Danube as an international waterway, acting as free agents and true representatives of their people, agree upon a new Convention which effectively promotes non-discriminatory constructive utilization of the Danube. Until then the Government of the United States considers the Definitive Statute of the Danube, signed in Paris July 23, 1921, to be in force for the entire Danube River.

In view of the importance of the Danube River to European economic and social development, and the United Nations' expressed interest in the Belgrade Conference, a copy of this note is being forwarded to the Secretary General of the United Nations.

WASHINGTON, November 15, 1949.

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861.404/11-1549 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

CONFIDENTIAL

Moscow, November 15, 1949—10 a. m.

2834. Embtel 2808 November 11, 3 p. m.<sup>1</sup> Probable purpose behind Soviet efforts send to US Petin,<sup>2</sup> "Deputy Exarch of Moscow Patriarch in US" and his secretary, Zernov,<sup>3</sup> is to gain support of American hierarchy for Soviet-controlled church and thus for Soviet regime itself. Clearly, it is unlikely that the projected visit revolves solely around ecclesiastical matters. In this connection, it is possibly noteworthy that Archbishop Aleksii of Yaroslav<sup>4</sup> (to whom diplomatic visa granted by Embassy August 23, 1945) apparently had received invitation from Metropolitan Benjamin of Russian Orthodox

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<sup>1</sup> Not printed.

<sup>2</sup> Alexander Porphyryevich Petin, Bishop Nikon, had applied for a visa in February in the capacity of "Deputy Exarch of the Moscow Patriarchate in the U.S." for the object of "continuing work" with the Orthodox church in the United States. Action on his visa application was withheld because of the delay by Soviet authorities to grant a visa to Father Brassard. Concerning a message of the Patriarch Alexey and the Holy Synod on the "chaotic" status of the church in America, see airgram A-112 from Moscow on April 26, 1948, *Foreign Relations*, 1948, vol. iv, p. 838.

<sup>3</sup> Archpriest Mikhail V. Zernov.

<sup>4</sup> Archbishop Alexey of Yaroslavl and Rostov arrived in New York on September 15, 1945, "with the object of obtaining the submission to the Patriarch of the Church in America." See *Foreign Relations*, 1945, vol. v, footnote 86, p. 1124.



Church in US, who we understand to be leader of pro-Soviet faction.<sup>5</sup>

We understand from incomplete information available here that Russian Orthodox Church in US, while it has accepted spiritual leadership of Patriarch of Moscow, nonetheless has demanded and now enjoys full administrative autonomy. This being the case, perhaps our most effective move would be to advise Minister Foreign Affairs that clergymen might care to present invitation to visit US from head of American Church. Such an approach would carry with it advantage of removing from US any onus of seeming interference with religious freedom, and could be explained in terms normal visa practices. Moreover, in light administrative autonomy US Church, appointment of Petin as Deputy Exarch presumably would have to be made by Church itself rather than Moscow Patriarchate.

We are inclined to feel that continued withholding visas simply on ground no decision yet reached by Department may have undesirable repercussion our own efforts obtain Soviet visas. It also may be expected that Minister Foreign Affairs will press us for definite reply. In light Department's feeling that these cases not parallel to that of Brassard (Deptel 477, June 28<sup>6</sup>) question of reciprocity does not appear to be involved, and we may be better advised to take separate tack.<sup>7</sup>

Department's views requested.

KIRK

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<sup>5</sup> Archbishop Venyamin (Benjamin) had been appointed on November 22, 1933, to administer the North American parishes remaining true to the Mother Church, with the title of Archbishop of the Aleutians and North America, Exarch of the Moscow Patriarchate in America. Later, for his work, he was elevated to the dignity of a Metropolitan. He finally returned to the Soviet Union in 1947.

<sup>6</sup> Not printed.

<sup>7</sup> The Embassy reported in telegram 3197 from Moscow on December 28, 1949, that a note from the Ministry of Foreign Affairs asked for the return of the passports of Petin and Zernov "in connection prolonged delay in issuance visa", and the Embassy proposed to do this without any communication, either written or oral. (861.404/12-2849)

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861.00/10-149

*The Secretary of State to the Embassy in the Soviet Union*<sup>1</sup>

[Extracts]

TOP SECRET

No. 140

WASHINGTON, November 29, 1949.

SIR: Reference is made to your despatch numbered 557 of October 1, 1949<sup>2</sup> commenting on OIR Report No. 4998 entitled *Soviet Internal Situation*.<sup>3</sup> The study devoted to this document by members

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<sup>1</sup> This instruction was drafted by Mose L. Harvey, Chief of the Eastern European Branch, Division of Research for Europe, Office of Intelligence Research.

<sup>2</sup> *Ante*, p. 659.

<sup>3</sup> *Ante*, p. 623.

of the Embassy staff and the comments incorporated in the despatch under reference are appreciated. Some of the issues raised by the Embassy's critical analysis are so important that the Department has examined them with care and believes it advisable to inform the Embassy at some length of its reactions.

Since the frame of reference of the OIR report did not require an analysis of the problem of the United States export control policy, the discussion of this matter which appears in Despatch No. 557 will be taken up in a subsequent Instruction from the Department which will comment on the very vital questions posed in the Embassy's Despatch No. 558<sup>4</sup> and the enclosures thereto. It will be noted by referring to the *Foreword* to OIR Report No. 4998 that it was limited to an evaluation of the current Soviet situation from the standpoint of whether existing weaknesses were such as to force a change in Soviet policies. Therefore the problem of export control was relevant to the subject of the report only if there was evidence that United States limitations on exports to the USSR had weakened the Soviet economy to a point where the USSR would, at the time of writing, be willing to make political concessions.

An apparent misconception of the purpose and consciously imposed limitations of the OIR Report may, in fact, be at the basis of many of the exceptions taken to the study in the despatch under reference. While the *Foreword* of the Report was intended to explain the latter's frame of reference, it perhaps would have been advisable to elaborate somewhat, in the Instruction transmitting the document, on the genesis of the study and the purpose which it was intended to serve. The facts are as follows: The Undersecretary of State requested OIR to produce a study which would examine all data available to the Department and to the several intelligence agencies of the Government to find evidence whether or not there were serious weaknesses in the Soviet position. At the time of the request—the middle of June—there was current in the American press speculation that the USSR had suffered a decisive defeat in the cold war and was ready to yield important political concessions.

In view of the grave import of the decisions of high policy which the results of the study might influence, all concerned with its preparation were particularly careful to eschew all judgements based on intuition, wishful thinking or analogy, and to bring to bear on the problem all possible reliable evidence. . . . These materials were examined and assessed by the economic and political specialists of the Eastern European Branch of the Division of Research for Europe, analysts with many years of training and experience in the Russian field and several of whom, notably the former Chief of the Economic

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<sup>4</sup> *Ante*, p. 142.

Section of Embassy Moscow, had been in residence and had travelled in the Soviet Union.

The Embassy's Despatch No. 557 rests its major criticisms of the OIR Report on an assumption that the Soviet economy is suffering from serious, if not decisive, difficulties; that these difficulties have forced "sweeping reversal of high economic policy" and may have been "sufficiently serious . . . to compel revision of perhaps major military goals."

Whether this assumption is valid is a question of paramount importance to the Department. The acceptance of such an assumption would necessitate a revision of all intelligence estimates (including those relative to capabilities in the atomic energy field) which underlie current US foreign policies.

Since the assumption is contrary to the findings of OIR Report 4998, the Embassy's Despatch was studied with great care for the logic and evidence on which the assumption was based. This study revealed that it was based on interpretations of the significance of the following:

1. The removal of Voznesenski from his posts as Chief of Gosplan, Deputy Chairman of the Council of Ministers and Politburo member;
2. The "1948 ministerial recentralization and the separation of the Central Statistical Administration from the State Planning Commission;"
3. The "Varga Affair;"
4. The fact that Soviet statistics are increasingly scarce and untrustworthy;
5. The possibility that the USSR will announce inauguration of a new Five-Year Plan at the end of 1949, instead of 1950 when the current Five-Year Plan was originally scheduled to end;
6. The USSR is receiving heavy shipments of oil from Rumania and is seeking a maximum proportion of Austrian oil resources.

It is recognized by the Department that any estimate of the current Soviet situation requires as complete as possible a study of all the above points, among others. Each of them has been the object of careful and sustained study for several months.

Yet the Department was unable to find in any of these points *evidence* of a crisis serious enough to require marked shifts in Soviet policy. Instead all available facts, as distinct from speculations, indicated that these developments were of the same nature and order of magnitude as any number of others which have marked the postwar, not to mention the prewar, Soviet scene. In essence they seemed to constitute evidence that the USSR continues to be the USSR, with Stalin still the master and manipulator of Party power, following the tried practice of maintaining undisputed supremacy through permitting one faction of underlings to offset another; with government as cumbersome and inefficient as ever and tending to the same time-



honored penchant for reliance upon "reorganization" to cure all ills; with imperialist appetites as great or greater than ever; with the usual discrepancies between plans and achievements, pretensions and realities. Facts which would justify any other conclusion were simply not available in Washington.

[The preceding six points were here made the subjects of an expanded, detailed analysis in the following six typewritten pages, which are not reproduced.]

The Department continues to be vitally interested in all the issues bearing on the question of Soviet strengths or weaknesses, and is appreciative of the energy with which the Embassy approached the problem. For the purpose of assisting Departmental officers in the study of these matters, the Embassy is requested to continue its search for solid evidence bearing on the question.

Very truly yours,

For the Secretary of State:  
W. PARK ARMSTRONG, JR.  
*Special Assistant for  
Research and Intelligence*

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800.00B Communist International/12-949: Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET

Moscow, December 9, 1949—1 p. m.

3062. Though Chinese victory stands out as main achievement world Communism during 1949, it seems likely as year's end approaches that Kremlin also views European scene with considerable optimism and anticipation.

As the Secretary pointed out on recent German visit,<sup>1</sup> problems facing Western democracies outside actual curtain areas in Europe are largely ones "which exist whether Soviet Union existed or not". At same time, recent Soviet press treatment Western Europe, together with key pronouncements such as Malenkov's November 6 speech, Cominform Resolutions and Stalin's message to Pieck,<sup>2</sup> show Moscow is well aware of these serious problems, in fact, mainly economic and result of continuing disunity, is hopeful of exploiting them to full and even possibly considerably over-estimates its chances of so doing, as result of Bolshevik's Marxist "blindness" which have so often before led them to unjustified conclusions and hopes in their assessments of hostile capitalist world.

While it is impossible to know with certainty what Kremlin really thinks of much-mentioned "Western economic crisis", we inclined

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<sup>1</sup> Secretary of State Acheson visited West Germany and Berlin on November 11-13. For documentation on this visit, see vol. III, pp. 267 ff.

<sup>2</sup> For further comment on these topics see telegram 2791 from Moscow on November 7, p. 671, and telegram 3004 from Moscow on December 3, and footnotes, p. 39.

to view that top Soviet policy planners actually believe such crisis, which they hope comparable 1929-33, already began at end 1948 and is rapidly, inexorably deepening. They may well expect it will reach climax about time ERP runs out in 1952, also counting on possibility US Congress and public may force latter's effective curtailment even before then. Thus, despite Western recovery and integration achieved since 1945, Soviet planners may be anticipating more rapid, progressive weakening of capitalist foundations next few years and that they will be able exploit resulting revolutionary situation Western Europe.

[Some paragraphs touching upon the assessment of the relative position and aspirations of the Soviet Union in Germany, Austria, Yugoslavia, and satellite countries in eastern Europe, are here omitted.]

Thus, in sum, we suggest Kremlin's year-end estimate European picture is probably characterized by: satisfaction on the whole regarding satellite control and evolution; continuing anger and concern over Tito tempered by belief incipient Titoism effectively quashed remaining satellites; and real hopes Germany and Western Europe based expectations regarding deepening economic crisis, "contradictions" between Western Powers and wind up ERP at least by 1952. While conscious of and stung by set-backs suffered through NAT-MAP, degree Western integration achieved and losses to Communist control of labor in both national and international fields, Soviets nevertheless may well expect these Western gains to be wiped out eventually by economic developments and intensification meanwhile of Communist counteraction tactics stressed Cominform Resolutions.

In light above analysis, we conclude Moscow may again be considerably over-estimating its prospects outside Iron Curtain in Europe, but would emphasize that answer depends primarily upon Western democracies themselves and their ability surmount present difficult problems and continue press forward.

Sent Department 3062; pouched London, Paris, Frankfort, Rome.

KIRK

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124.61/11-2249 : Telegram

*The Secretary of State to the Embassy in the Soviet Union*

SECRET

WASHINGTON, December 9, 1949—7 p. m.

906. Embtel 2912 Nov 22 <sup>1</sup> Dept agrees desirability and importance arrange exit visas Sov wives Emb and press staff members but would not wish any representations this regard to interfere with primary

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<sup>1</sup> Not printed. Ambassador Kirk pointed out that "no action has been taken [in] recent months" on the problem of securing exit visas for the Soviet wives of Embassy personnel and press representatives. He now suggested that while he was "not sanguine results, seems to us worthwhile make informal effort utilize whatever impetus there may be in nearing end first year tenure as US Ambassador Moscow supplemented by such other leverage as may be available." (124.61/11-2249)



responsibility exit permission for Amer citizens (Depins 133 Nov 16<sup>2</sup>).

Suggest therefore that matter Sov wives be postponed until appropriate moment when it may be brought up without effect on citizen question. View settlement Amtorg case<sup>3</sup> doubtful any profit to be gained therefrom connection wives.

Assume Emb will satisfy itself prior to any representations that wives in question not excludable under 1918 Act and that visas issuable promptly in event exit permits granted.

ACHESON

<sup>2</sup> Not printed. It contained comments upon and recommendations for the Embassy's efforts in behalf of American citizens being detained in the Soviet Union.

<sup>3</sup> For documentation in regard to the compulsory registration of the Amtorg Trading Corporation under the Foreign Agents Registration Act, see pp. 754 ff.

861.002/12-1149: Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

CONFIDENTIAL      PRIORITY      Moscow, December 11, 1949—4 p. m.

3085. Question of taking some action on governmental level to recognize 70th birthday Generalissimo Stalin December 21 (Embtel 3074, December 10<sup>1</sup>) continues to agitate colleagues Diplomatic Corps. Understand Scandinavian missions expect their respective Prime Ministers will send message congratulations either direct or via mission chief. My British, French colleagues feel our three governments should concert action along similar line by sending message direct to Kremlin with each chief of mission sending cards to Foreign Office. Am not informed action contemplated by satellites or by fringe states, Korea, Outer Mongolia, etc.

What ceremonies if any Diplomatic Corps or western missions will be invited to attend still unknown with probabilities against any such, and likelihood no announcements until last minute.

However, in view general uncertainty among my colleagues as to procedure we in particular propose to follow, would appreciate Department's decision at earliest.

Sent Department 3085. Department pass London 337, Paris 435.

KIRK

<sup>1</sup> Not printed. The Embassy reported that the published announcement of the formation of a program committee to arrange ceremonies to mark the 70th birthday of Stalin (on December 21) had caused speculation among the diplomatic corps in regard to what kind of official messages of congratulations, if any, should be sent for the occasion. So far there was a lack of information on the extent of possible diplomatic participation. The Embassy suggested that whatever precedent there might be for the 60th birthday of Stalin in 1939 should be investigated, and that meanwhile a "suitable message from President to Stalin might be prepared and decision delivery postponed pending intervening development." A chit attached to this telegram noted that a search of the Department's files revealed no record of any congratulatory message having been sent to Stalin for his 60th birthday. It was also noted that the Protocol Staff did not believe that birthday greetings were sent to Stalin before about 1942. (861.002/12-1049)



361.1115/12-1249 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

CONFIDENTIAL

Moscow, December 12, 1949—5 p. m.

3087. Department's instruction 133, November 16, 1949,<sup>1</sup> and final paragraph Embtel 2953, November 28, 6 p. m.<sup>2</sup>

I called on Gromyko by appointment at 1:30 p. m. Moscow time today and left *aide-mémoire* on detention US citizens in Soviet Union.<sup>3</sup> I stated document was self-explanatory, and that, as it was rather long, I did not feel it necessary to go into detail about it other than to say that it dealt with a subject the US regarded as of importance, i.e., namely the detention in Soviet Union of numbers of US citizens, many of whom were thereby being separated from their families in US. I stressed humanitarian significance, and pointed out many of these US citizens had come to be in Soviet Union as result of war and Soviet acquisition additional territory. Gromyko did not comment nor did he indicate when a reply might be expected (I did not, of course, indicate we would plan to deliver copy of *aide-mémoire* to Soviet Ambassador Washington in one month in event no reply received<sup>4</sup>).

[The remainder of this telegram listed such textual changes as had been made in the *aide-mémoire* which was actually delivered by Ambassador Kirk from the draft text which had been sent by the Department.]

KIRK

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<sup>1</sup> Not printed. In it the Department had transmitted its substitute draft *aide-mémoire* regarding the detention of United States citizens in the Soviet Union.

<sup>2</sup> Not printed. Ambassador Kirk said he planned to seek a personal interview with Acting Foreign Minister Gromyko during the week of December 5 to present the *aide-mémoire*.

<sup>3</sup> A memorandum by the chief of the Division of Eastern European Affairs, G. Frederick Reinhardt, dated October 28, had characterized this *aide-mémoire* as being "the strongest and most inclusive note we have presented on the subject since the war." (361.1115/10-2849)

<sup>4</sup> A copy of this *aide-mémoire* was given to Ambassador Panyushkin on January 18, 1950, with a request that he would try to expedite a reply. See Department of State *Bulletin*, March 3, 1950, p. 443. The text of the *aide-mémoire* of December 12, 1949 is printed here, pp. 434-440.

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811.917 America/12-1949

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET

Moscow, December 19, 1949.

No. 786

The Ambassador has the honor to report that the official Soviet distributing agency which distributes the magazine *Amerika* refused to accept the latest issue #35 for distribution at the usual time, thereby jeopardising its sales during the month December.

October 31, 1949, Petr Borisovich Ramsin, head of Soyuzpechat, in

an interview in his office, told members of USIE's staff that the irregular appearance of *Amerika* on the newsstands hindered its sales and that the earlier irregular delivery of the magazine to Soyuzpechat had prevented the magazine in the past from being sold by subscription (Ref. Despatch 669, November 17, 1949 and Despatch 709, October 1, 1948.<sup>1</sup>) Since then the magazine has been delivered to Soyuzpechat in the last week of the month and placed on the newsstands by Soyuzpechat on the 16th of the succeeding month. (#33, delivered September 23, 1949; on sale at newsstands on October 16; #34, delivered October 25, 1949, on sale at newsstands on November 16.)

November 17, according to its usual custom, USIE telephoned Soyuzpechat to announce the arrival from New York of the last issue (#35). Soyuzpechat agreed by telephone to accept delivery November 23. On November 22, however, Soyuzpechat phoned to state it could not receive the magazine then. November 28 and November 30, in reply to USIE's phone calls Soyuzpechat continued to refuse to set a date for delivery of the magazine. December 1, the secretary of Mr. Tarasov, chief of the distribution section of Soyuzpechat informed USIE in the absence of her chief that Soyuzpechat was taking inventory and the magazine could not be received for distribution until the following week. December 6, Mr. Tarasov himself was reached on the phone. He declined to indicate when the magazine could be distributed and asked USIE to call Mr. Bogdanov, chief of Mezhdynarodnaya Kniga.<sup>2</sup> Mr. Bogdanov told USIE that some copies of issue #34 remained still in Soyuzpechat's warehouse because of slow sales. He too refused to give a firm date when the next issue could be delivered by USIE to Soyuzpechat.

Phone calls, December 8, 9 and 10 to Mr. Ramsin, head of Soyuzpechat and the only official of that organization with which USIE had enjoyed personal contact invariably failed to find him in his office.

December 12, a telephone call to USIE from Soyuzpechat stated that delivery would be accepted December 13. Delivery was made on this date.

Soyuzpechat normally requires from two to three weeks to distribute the magazine prior to its simultaneous appearance at various newsstands in Moscow and, presumably in other Soviet cities. Hence, there is little likelihood that issue #35 can enjoy much sale during the month of December. In theory issue #36 should appear for sale January 16, which of course will tend to kill sales of the previous issue.

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<sup>1</sup> Neither printed.

<sup>2</sup> All-Union Combine for the Import and Export of Lithographic Products, Office Supplies, etc., the central distributor for Soviet publications.



There are two possible explanations of Soyuzpechat's delay: 1) it is an example of Soviet inefficiency, but to some extent understandable because December is a month for taking inventory. It is also the month of Stalin's birthday and various popular magazines with large circulation may be issuing special editions for widespread distribution; 2) this may be an effort to prevent *Amerika* from appearing monthly and to force it to accept distribution for less than 12 issues a year, steadily diminished until the magazine is effectually throttled.<sup>3</sup>

It is important at this juncture not to rock the boat. There is no clear evidence yet that the December delay in distribution was more than bureaucratic inefficiency. Caution seems to be particularly advisable in view of recent action banning the use of the Soviet Embassy, Washington, publication in certain American public schools. Such action may already have invited Soviet retaliation.

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<sup>3</sup> Jack C. McDermott, the Chief of the International Press and Publications Division of the Office of International Information explained in a communication of November 16, 1949: "Under an arrangement with the Soviet Government, fifty thousand copies of each issue of *Amerika* are received by the Soviet News Agency for distribution in the Soviet Union. All material included in the magazine is censored by the Soviet authorities before being published. So far, not a single article has been rejected and only a few sentences have been deleted. The fact that controversial political subjects are avoided accounts for this; however, the material carries a potent message simply by showing how Americans live and allowing the reader to reach his own conclusions."

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861.002/12-2149: Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

CONFIDENTIAL

Moscow, December 21, 1949—10 a. m.

3156. Sending following letter to Vishinsky December 21 (Deptel 924, December 15<sup>1</sup>): "I have the honor on behalf of the Government of the United States of America to request you to transmit to Generalissimo Stalin, Chairman of the Council of Ministers of Union of Soviet Socialist Republics, best wishes on the occasion of his seventieth birthday".<sup>2</sup>

KIRK

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<sup>1</sup> Not printed. The Department of State herein told Ambassador Kirk that no congratulatory message had been sent to Stalin in 1939. However, in view of the extensive, official preparations under way this time, the Ambassador was now given discretion to deliver a greeting of best wishes for Stalin on instructions of his government. (861.002/12-1049)

<sup>2</sup> Ambassador Kirk informed the Department in airgram A-1268 from Moscow on December 29 that both *Pravda* and *Izvestiya* had printed this felicitation on the front page of their issues for December 25. He then remarked: "In this connection it may be of interest to note that the United States was, as far as can be ascertained from the Soviet press, the only government whose congratulations were expressed in a letter signed by its Ambassador, all others having been signed by Chiefs of State, Prime Ministers or Foreign Ministers." (861.002/12-2949)



861.9111 RR/12-2149:Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

Moscow, December 21, 1949.

3158. Twelve page December 21, Stalin's birthday, *Pravda* front-page carries photo; Announcement Award Order of Lenin to Stalin, Council of Ministers and Central Committee CPSU letter to Stalin.<sup>1</sup> Page two carries decree presidium supreme Soviet regarding establishment international Stalin prize "for strengthening peace between peoples." Translation follows:

[“]1) Establish international Stalin prizes for strengthening peace between peoples. Prizes awarded citizens any country without regard political, religious or racial differences for outstanding services in struggle against warmongers and for strengthening peace.

2) Establish that person awarded international Stalin prize will receive: (a) Diploma of laureat international Stalin prize; (b) gold chest medal bearing portrait I. V. Stalin; (c) money prize 1,000 rubles.

3) Establish that from 5 to 10 international Stalin prizes 'for strengthening peace between peoples' will be awarded yearly by special committee on international Stalin prizes created by presidium supreme Soviet USSR from representatives democratic forces various countries of world.

4) Award prizes will be made Stalin's birthday December 21 each year. First prizes will be awarded 1950.”

[The remainder of this telegram contained a summary index of the contents of the remaining pages of this issue of *Pravda*, listing the many eulogistic articles written by the highest personages in tribute to Stalin. In the following telegram 3159 of December 21, 6 p. m., not printed, brief comments were expressed on the nature of most of the articles. It was here pointed out that Malenkov's article came ahead of Molotov's, which might be a "possible indication former now outranking latter", and that his article "presents Stalin as leader peace movement vs. new pretenders world mastery, and as party leader." The telegram closed with this judgment: "In general, Stalin personally credited with all important domestic triumphs since death Lenin and hailed as leader Soviet Union, peoples democracies, all 'progressive' working and oppressed peoples whole world." (891.9111 RR/12-2149)]

KIRK

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<sup>1</sup>The Department was kept informed in telegrams from the Embassy, none printed, of the festivities held in honor of Stalin's birthday. A large gathering was present at the Bolshoy Theater on December 21, and Foreign Minister Vyshinsky was the host at a reception for the diplomatic corps that evening, at which Ambassador Kirk later commented in telegram 3185 of December 26 upon Vyshinsky's "greater friendliness . . . than at a similar reception November 7" on the anniversary of the October revolution. (711.61/12-2649) A gala ceremony at the Georgiyevsky Hall inside the Kremlin on December 22 closed the celebrations.

711.61/12-2549 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET      NIACT

Moscow, December 25, 1949—1 a. m.

3181. Salisbury's<sup>1</sup> *New York Times* despatch on Malenkov article as indicating Stalin's readiness to discuss "outstanding problems" with US passed without single deletion by Soviet censor after 36-hour delay, probable Kremlin clearance. This lends color to suspicion Malenkov article printed ahead of Molotov's (Embtel 3159, December 21<sup>2</sup>) precisely to arouse news speculation on possibility of bilateral US-USSR "settlement" thus cause confusion and disunity as did Smith-Molotov exchange in 1948.<sup>3</sup> Dutch Ambassador<sup>4</sup> has been spreading rumor in Moscow diplomatic corps that such bilateral talks already underway in Washington, George Kennan having resigned in protest. I have received inquiries about this from British and French Ambassadors and have of course assured them that I know of no such talks and consider rumor wholly baseless.

Our estimate of true significance of recent Soviet publicity on "co-existence" of Capitalism and Socialism continues to be that it is obvious feature of "peace" movement. Gauge of its sincerity is accompanying bitter vilification of US "warmongers," increasingly open incitement other nations to revolution, and manhandling of US citizens in China, Hungary, Czechoslovakia. Malenkov treatment of "co-existence" utterly unoriginal, sublimely illustrates Soviet capacity for pig-headed re-assertion of position already shown to be fallacious. What Malenkov says unlikely mislead any but woolly-headed borderliners, but fact that he said it may continue give rise to unsettling rumors as above. Depending on initial response of World press, Department may wish consider appropriate high-level statement to scotch rumors.

If publicity undertaken, worth noting that Malenkov and similar Soviet comment this theme resort to familiar trick of appearing establish truth of whole position by stating parts of it which nobody denies. Stalin certainly prepared for "co-existence" of two "camps" for some

<sup>1</sup> Harrison E. Salisbury was the *New York Times* correspondent stationed in Moscow.

<sup>2</sup> Not printed: see the bracketed note in telegram 3158 from Moscow on December 21, *supra*. In telegram 3185 from Moscow on December 26, not printed, it was again noted that Malenkov's article was printed before Molotov's in the periodical *Bolshevik*, number 24, which seemed to reinforce the possibility that Malenkov might have acquired precedence over Molotov in importance, and that he had become Stalin's chief adviser. "Only the most incurable wishful thinkers", however, could believe that Malenkov would make a more reasonable *rapprochement* possible after they had read his November 6 speech. (711.61/12-2649)

<sup>3</sup> On the propaganda treatment in particular of the conversations between Ambassador Walter Bedell Smith and Minister for Foreign Affairs Vyacheslav Mikhailovich Molotov at Moscow in May 1948, see *Foreign Relations*, 1948, vol. iv, pp. 858-866, *passim*.

<sup>4</sup> Philips Christiaan Visser.



years, and certainly wants "cooperation" on his own terms, would like nothing better than "friendly" relations while he steals our shirt. Basic point at issue is not whether "war inevitable" but whether Stalin determined to foster world revolution by force and guile at cost of human life, dignity and freedom. Sole reason why he believes war ultimately inevitable is because, as he has said, he is determined to drive our way of life off the stage of history.

We feel here that appeals to "peace" at Christmas have an especial and insidious propaganda value against which it is difficult to take position, but which our Western Christian world must of necessity do its utmost to hold the wavering in the fold.

Sent Department 3181. Department pass London 348, Paris 450, Rome 84, Frankfort 103.

KIRK

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**CONTINUATION OF EFFORTS TO NEGOTIATE A LEND LEASE SETTLEMENT AGREEMENT WITH THE SOVIET UNION; THE AGREEMENT OF SEPTEMBER 27, 1949, FOR THE RETURN OF CERTAIN NAVAL VESSELS<sup>1</sup>**

861.24/1-449

*Memorandum of Conversation, by the Assistant Secretary of State for Economic Affairs (Thorp)*

CONFIDENTIAL

[WASHINGTON,] January 4, 1949.

Participants: The Soviet Ambassador<sup>2</sup>

Mr. Zinchuk,<sup>3</sup> Interpreter for the Ambassador

Mr. Zakharov,<sup>4</sup> Acting Chairman, the Government Purchasing Commission of the Soviet Union in the U.S.A.

E—Mr. Thorp

EUR: EE—Mr. Truesdell<sup>5</sup>

At my request the Soviet Ambassador called today to discuss the return of the 3 icebreakers and 28 frigates of the U.S. Navy transferred to the Soviet Government under the Lend-Lease Act. I informed the Ambassador that I did not propose to transact any formal business at this meeting but did wish to proceed with the details of the return

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<sup>1</sup> For previous documentation on this subject, and the return of eight merchant vessels, see *Foreign Relations*, 1948, vol. iv, pp. 950 ff. For the text of the Lend-Lease Act, approved March 11, 1941, see 55 Stat. 31; and for the text of the Master Lend-Lease Agreement with the Soviet Union signed in Washington on June 11, 1942, see Department of State Executive Agreement Series 253, or 56 Stat. (pt. 2) 1500.

<sup>2</sup> Alexander Semënovich Panyushkin.

<sup>3</sup> Alexander Ivanovich Zinchuk, Attaché of Embassy of the Soviet Union in the United States.

<sup>4</sup> Alexey Vasilyevich Zakharov.

<sup>5</sup> George E. Truesdell was Country Specialist in the Division of Eastern European Affairs.



of the icebreakers and frigates agreed to in the Ambassador's note of December 9.<sup>6</sup> I said that the U.S. would accept any or all of these vessels at either Norfolk on the East Coast or San Francisco on the West Coast and that the matters of choice of ports and exact dates of return could be arranged in accordance with Soviet desires. I said that the U.S. was agreeable to the Soviet proposal to refer detailed arrangements to a group of American and Soviet experts and that the U.S. group, consisting, among others, of Messrs. Matlock<sup>7</sup> and Truesdell of the Department of State and two officers from the Navy Department, had already been designated and was ready to commence discussions immediately. The Ambassador responded by expressing agreement to the inclusion of civilians as well as Naval officers in the working groups; however, he said that he would make no comment at this time but would report the matter to Moscow.

The Ambassador stated that the question of the other vessels was also related to the matter of the return of the icebreakers and frigates. I replied that since my return to the Department I had not had an opportunity to study the recent Soviet note in detail but in view of the importance which we attributed to the early return of the icebreakers and frigates, it appeared desirable to proceed with this matter immediately. I said that I would be ready very shortly to discuss other lend-lease matters and suggested that the Ambassador join with me in a joint New Year's resolution to settle lend-lease within the year. The Ambassador replied that this should not be difficult in view of the favorable terms offered in his note of December 9.

W. L. THORP

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<sup>6</sup> Note No. 208, *Foreign Relations*, 1948, vol. iv, p. 1020.

<sup>7</sup> Clifford C. Matlock was Special Assistant to the Director of the Office of European Affairs.

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861.24/1-1149

*The Ambassador of the Soviet Union (Panyushkin) to the Secretary of State*

CONFIDENTIAL  
No. 2

[WASHINGTON,] January 11, 1949.

SIR: In connection with the note of Acting Secretary of State Lovett dated September 14, 1948,<sup>1</sup> I have the honor, on instructions from the Soviet Government, to communicate the following:

In a conversation with Mr. Lovett on July 1, 1948<sup>2</sup> I pointed out the discrimination exercised by the Government of the USA in regard to the exportation to the USSR of equipment ordered in the USA by

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<sup>1</sup> *Foreign Relations*, 1948, vol. iv, p. 1010.

<sup>2</sup> *Ibid.*, p. 994.

Soviet organizations, a discrimination causing considerable damage to the Soviet organizations in connection with the claims of American firms which have arisen as a result of the enforced discontinuation of the filling of orders.<sup>3</sup>

I pointed out that, according to the claims of American firms already presented at that time, the sum of the direct leases of Soviet organizations amounted to 1,300 thousand dollars and that this sum is far from covering all the damage caused the Soviet organizations by the discriminatory action of the American Government. In addition, it was stated that the Soviet Government reserves to itself the right to demand compensation from the Government of the USA for all losses after they have been accurately defined. I also requested that the obstacles to the exportation of equipment to the Soviet Union on orders distributed before the introduction of the new prohibitory regulations of the export of goods from the USA be removed and that an order be given concerning the issuing of appropriate export licenses.

Inasmuch as the Government of the USA has not removed the aforementioned obstacles to the exportation of equipment to the USSR, the Soviet Government has been compelled to resort to the defense of the legal interests of the Soviet organizations by withholding, at the time of the regular payment of interest to the account of the Government of the USA in accordance with the agreement of October 15, 1945,<sup>4</sup> 1,300,000 dollars as a reserve for covering the losses of the Soviet organizations.

In the conversation with Mr. Lovett on July 1, 1948 I made the necessary explanations both regarding the nature of the said losses of the Soviet organizations and regarding the claims of the American firms against the Soviet economic organizations. Moreover, on September 1, 1948 the Soviet Purchasing Commission forwarded to the Department of State<sup>5</sup> information concerning the said claims which was requested by the Department of State in its note of July 26, 1948.<sup>6</sup>

In connection with the continuing discrimination on the part of the Government of the USA in regard to the exportation to the Soviet Union of the equipment ordered, the losses of the Soviet organizations,

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<sup>3</sup> On the origins of the discontinuance of the shipment of materials to the Soviet Union which began in January 1947, see the documentation on lend-lease in *Foreign Relations*, 1947, vol. iv, pp. 653 ff., *passim*, and especially the memorandum of December 12, 1947, by Mr. Michael H. Cardozo of the Office of the Legal Adviser, *ibid.*, p. 713.

<sup>4</sup> For text of the agreement relating to the disposition of lend-lease supplies in inventory or procurement in the United States (the "Pipeline" agreement) signed at Washington on October 15, 1945, see Department of State, *Treaties and Other International Acts Series (TIAS) No. 3662*, or *United States and Other International Agreements (UST)*, vol. 7 (pt. 7), p. 2819.

<sup>5</sup> Not printed.

<sup>6</sup> *Foreign Relations*, 1948, vol. iv, p. 1000.

both direct and indirect, are growing. The Soviet Government, therefore, not only does not consider the sum of 1,300 thousand dollars overdue, as was indicated in the aforementioned note of September 14, 1948, but also considers that it has the right in the future to make similar withholdings from the regular interest payments in accordance with the agreement of October 15, 1945 as a reserve for covering the losses of Soviet organizations which have arisen as a result of discrimination in regard to the exportation to the USSR of equipment ordered in the USA.

Accept [etc.]

A. PANYUSHKIN

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861.24/12-948

*The Secretary of State to the Ambassador of the Soviet Union  
(Panyushkin)*

WASHINGTON, January 11, 1949.

EXCELLENCY: I have the honor to refer to your note of December 9, 1948<sup>1</sup> on the subject of the settlement of the obligations of your Government under the Lend-Lease Agreement of June 11, 1942, specifically to that portion in which you expressed the agreement of your Government to the return of twenty-eight frigates and three icebreakers of the United States Navy and proposed that the procedures and dates for the return of these vessels should be agreed upon by experts of both parties. I also refer to our informal conversation on this subject of January 4, 1949, wherein I expressed the willingness of this Government to take delivery of these vessels, any or all of them at one time, at either of two United States Ports: Norfolk, for vessels returned via the Atlantic; and San Francisco, for vessels returned via the Pacific. In our conversation of January 4, 1949 I stated also that, in accordance with the proposals of your Government as set forth in your note of December 9, 1948, experts had been designated by this Government for the purpose of meeting with experts designated by your Government and of reaching agreement as to the exact dates and detailed procedures for the return of these vessels.

In view of the importance which this Government attaches to the early return of these vessels, it is requested that you inform me as soon as possible as to the names of the experts designated by your Government to reach agreement on the details of the return and indicate the first date upon which these experts will be available for consultation with United States experts.

Accept [etc.]

For the Secretary of State:  
WILLARD L. THORP

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<sup>1</sup> *Foreign Relations*, 1948, vol. IV, p. 1020.



861.24/1-2849

*Memorandum by Mr. George E. Truesdell of the Division of Eastern European Affairs to the Assistant Secretary of State for Economic Affairs (Thorp)*<sup>1</sup>

SECRET

[WASHINGTON,] January 28, 1949.

In the lend-lease settlement negotiations with the Soviet Government, the Soviets have offered to purchase the 36 war-built liberty ships remaining in their custody at U.S. prices and terms which were stated to the Soviets to be those of the Merchant Ship Sales Act of 1946<sup>2</sup> with effective date of sale retroactive to September 2, 1945. A list of the prices of these vessels as of September 2, 1945 computed under the terms of the Merchant Ship Sales Act was handed to Soviet representatives on June 25, 1947 (US-USSR LL SET D-33).<sup>3</sup> The U.S. side has agreed to such a sale as a part of an over-all settlement provided it is concluded promptly. In reviewing the methods of computing the agreed prices with the Maritime Commission it was determined that the prices given the Soviets are in accord with Maritime Commission practice with the exception that no adjustment was included for desirable features, which it is understood would have increased the price in nearly every instance. The attached table (D-111)<sup>3</sup> sets forth the computations used by the Maritime Commission in establishing the prices of these vessels in accordance with the Merchant Ship Sales Act. Copies of this table may be given to Soviet representatives when the occasion demands.

In their note of December 9, 1948 the Soviets have offered to purchase the remaining merchant vessels and tugs (47 pre-war-built dry cargo vessels, 1 pre-war-built tanker, 2 war-built tugs and 1 old tug) for \$13 million. Our original asking price for the 47 dry cargo vessels and one old tanker (Maritime prices) was \$15,439,000 as of September 2, 1945. Maritime Commission prices for the 3 tugs total \$965,000 but this amount has been considered high and has not been communicated to the Soviets. Although no final decision has been made, it is the consensus in the Department that we should accept the Soviet offer of \$13 million for the 48 old ships and 3 tugs as a part of a prompt over-all settlement. Since our sales prices have been computed with September 2, 1945 as an alternative to a charge for charter hire, it is assumed that, if the Soviet offer is accepted, interest will be charged in the same manner as contemplated for the Liberty ships. However, a 2% rate, that proposed for the over-all settlement, has been used arbitrarily for the purposes of this memorandum.

<sup>1</sup> Mr. Lehman Patton Nickell, the adviser on shipping in the Office of Transport and Communications, was also associated in the transmission of this memorandum to Mr. Thorp.

<sup>2</sup> Approved March 8, 1946; 60 Stat. 41.

<sup>3</sup> Not printed.

The table below sets forth the cash and credit payments required from the Soviet Government on the bases of the factors outlined above:

*36 Liberty Ships:*

Cash down payment (25% of \$20,159,920.83)	\$5, 039, 980. 21
Payments past due Sept. 2, 1946-48 (3×\$876,407.28)	2, 629, 221. 84
Interest past due Sept. 2, 1946-48 (3½%×3 of total)	2, 116, 791. 69
<i>Total</i>	<u>9, 785, 993. 74</u>

*51 Other Ships:*

Agreed price—cash	13, 000, 000. 00
Interest to date of sale 9/2/45 to 3/2/49, 2%	910, 000. 00
<i>Total</i>	<u>13, 910, 000. 00</u>
<i>Total Cash</i>	23, 695, 993. 74

14 Annual payments beginning 9/2/49 of \$876,407.28 each  
1 Annual payment due 9/2/63 221,016.68

Interest on unpaid amounts annually at 3½%.

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*Editorial Note*

The old United States cruiser *Milwaukee* had been made available to the Soviet Union in April 1944 in connection with the question of the distribution of Italian naval and merchant vessels among the Allied governments. The *Milwaukee* (temporary Russian name, *Murmansk*) was not transferred under lend-lease provisions. For documentation on the disposal of the Italian fleet and the return to Great Britain and the United States of the warships loaned to the Soviet Union during World War II and the work of the Four-Power Naval Commission, see *Foreign Relations*, 1948, volume III, pages 969 ff., in particular the editorial notes on pages 969 and 991.

The cruiser *Milwaukee* belatedly came in at Lewes, Delaware, on March 8, 1949. The Soviet crew was not allowed ashore, but returned to the Soviet Union on March 11.

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861.24/5-949

*Memorandum by the Assistant Secretary of State for Economic Affairs (Thorp) to the Secretary of State*

SECRET

[WASHINGTON,] May 9, 1949.

*Discussion:*

Lend-Lease settlement discussions with the Soviets which began in April 1947 have made little appreciable progress. The two sides remain

far apart on the amount to be paid by the USSR for civilian-type items remaining on V-J Day. As against a United States estimated cost of these items of \$2,600 million and as our first step in the bargaining process we have offered to accept \$1,300 million. While we have not finally determined the minimum sum acceptable, it has been the consensus that an amount computed under the general principles followed in the UK settlement,<sup>1</sup> \$500-\$600 million, would be practicable. The Soviets have offered only \$200 million and disagree as to the credit terms of payment. The Soviets also disagree with our proposed offer to permit retention of military items without payment, objecting specifically to US recapture rights. With respect to our demands for prompt compensation of US firms for the use of their patented processes in Soviet lend-lease oil refineries, the USSR has delayed making settlements with the patent holders, demanding new process information and refusing settlements except in conjunction with an over-all lend-lease settlement. These conflicting points of view are set forth in the US note of September 3, 1948<sup>2</sup> (Tab A) and the Soviet reply of December 9 (Tab B). Tentative agreement has been reached on the amount and terms of sale of the 36 war-built merchant vessels now remaining in Soviet custody and we are ready to accept, also tentatively, the \$13 million offer in the Soviet note of December 9 with respect to the sale of the old pre-war built merchant vessels. Our agreement to sell these vessels has since the outset been conditioned upon a prompt satisfactory over-all settlement.

In its note of December 9, 1948 the Soviet Government agreed to return three icebreakers and 28 frigates of the US Navy, repeatedly demanded by us, but proposed that the procedures and dates for their return should be agreed upon by experts of both parties. With respect to the 518 other naval craft remaining in Soviet custody, the return of 186 of which has been demanded, the Soviets have proposed that the vessels to be returned and the terms of sale of the remainder also should be discussed by the experts. In a conversation with the Soviet Ambassador on January 4, 1949 and by note of January 11 (Tab C) the Ambassador was advised of our agreement that the details with respect to naval craft be discussed by the experts and he was requested to name the Soviet experts and the date on which they would be available to begin discussions. Our note of January 11 remains unanswered and the failure of the Soviet Government to return the naval craft in accordance with our demand is a clear violation of its obligations under Article V of the Master Lend-Lease Agreement.

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<sup>1</sup> For documentation on the conclusion of the Financial Agreement and the Lend-Lease Settlement Agreement with the United Kingdom signed at Washington on December 6, 1945, see *Foreign Relations*, 1945, vol. vi, pp. 1-204. For the text of the Lend-Lease Settlement Agreement, see Department of State, *Treaties and Other International Acts Series (TIAS) No. 1509*, or *United States and Other International Agreements (UST)*, vol. 4, p. 2.

<sup>2</sup> *Foreign Relations*, 1948, vol. iv, p. 1004.



To initiate further discussions of general lend-lease matters while the Soviet Government continues to disregard its specific obligation to return the naval craft would indicate weakness in our position as to Soviet obligations under the Master Lend-Lease Agreement. Not to press the Soviets immediately at the highest level for the return of these vessels would indicate that the United States considers this matter one of secondary importance. If steps are to be taken in the near future, it would appear that they should be initiated prior to the meeting of the Council of Foreign Ministers in Paris; otherwise a delay of several months would follow and the force of our position would depend in large measure upon the successful outcome of the Paris meeting.

*Recommendation:*

It is recommended that you call in the Soviet Ambassador, and if he remains in New York that he be called to Washington, for the purpose of handing him the attached note <sup>3</sup> (Tab D) and impressing upon him the seriousness with which this Government views Soviet failure to return the naval craft to the United States. Your remarks to the Ambassador might follow the substance of the attached note and he might be told in addition that this Government fails to understand the attitude of the Soviet Government in not replying to our note of January 11, 1949, especially since our agreement for discussions of the details of return of the naval craft by a group of experts was in accord with a proposal originated by the Soviet Government.

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<sup>3</sup> See the United States note of May 25, 1949, *infra*.

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861.24/5-2549

*The Acting Secretary of State to the Ambassador of the Soviet Union  
(Panyushkin)* <sup>1</sup>

CONFIDENTIAL

WASHINGTON, May 25, 1949.

EXCELLENCY: I have the honor to refer to this Government's note of October 7, 1948,<sup>2</sup> to your note No. 208 of December 9, 1948, to your informal conversation with Mr. Thorp on January 4 and to this

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<sup>1</sup> This note was handed personally by Acting Secretary of State James E. Webb to Ambassador Panyushkin on May 25. In a memorandum of this meeting by the Acting Secretary, the Ambassador told him that he had informed the Soviet Government of his last conversation with Assistant Secretary Thorp but that he had not received any instructions. He stated in the subsequent discussion that the "Soviet Government had not yet received a reply to its note of December 9. I [Mr. Webb] pointed out that on January 11 we had accepted a proposal in regard to the ships which had been advanced by the Soviet Government, and stressed the importance we attached to the return of these vessels. The Ambassador again undertook to inform his Government." (861.24/5-2549)

<sup>2</sup> *Foreign Relations*, 1948, vol. iv, p. 1012.

Government's note of January 11, 1949 concerning the return to the United States of three icebreakers, twenty-eight frigates and other vessels of the United States Navy "leased" to your Government under the Lend-Lease Act.

In the note of October 7, 1948 your Government was notified that on July 7, 1948 the President of the United States had determined that the emergency relative to the lend-lease program referred to in the Master Lend-Lease Agreements between the United States and various lend-lease countries had terminated.<sup>3</sup> Also in this note your Government was advised that 217 vessels of the United States Navy, including the twenty-eight frigates and three icebreakers, are of use to the United States and their return was again demanded in accordance with the provisions of Article V of the Master Lend-Lease Agreement between our two Governments of June 11, 1942.

In your note of December 9, 1948 you expressed the agreement of your Government to the return of the three icebreakers and twenty-eight frigates and proposed that the procedures and dates for their return should be agreed upon by experts of both parties. With respect to other vessels of the United States Navy "leased" to your Government, your note stated that the Soviet Government would consider it expedient that American and Soviet experts discuss both the terms of sale to the Soviet Union of a certain number of these vessels, as well as the procedure and dates for the return to the United States of the balance of these vessels. In your conversation with Mr. Thorp of January 4, 1949 and in this Government's note of January 11, 1949, you were advised that the Government of the United States was willing to take delivery of the icebreakers and frigates, any or all of them at one time, at either of two United States ports: Norfolk, for vessels returned via the Atlantic; and San Francisco, for vessels returned via the Pacific. You were also advised that, in accordance with the proposals of your Government, experts had been designated by the Government of the United States to meet with experts designated by the Soviet Government and to reach agreement as to the exact dates and detailed procedures for the return of these vessels. In the note of January 11, 1949 you were requested to inform this Government as soon as possible of the names of the experts designated by your Government and to indicate the first date on which these experts would be available for consultation with the United States experts.

Over four months have elapsed since forwarding to you this Government's note of January 11, 1949 and no reply has been received. The Government of the United States continues to await the advice of the Government of the Union of Soviet Socialist Republics as to when Soviet experts will be available to arrange the details of the

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<sup>3</sup> *Foreign Relations*, 1948, vol. iv, p. 997.

prompt return of the naval craft designated in this Government's note of October 7, 1948. The Government of the Union of Soviet Socialist Republics must be aware that, pending the return of these vessels to the United States, it continues in default of its obligations under Article V of the Lend-Lease Agreement of June 11, 1942. In these circumstances the Government of the United States must request immediate notification of the intentions of the Soviet Government in this respect.

Accept [etc.]

JAMES E. WEBB

861.24/6-1349

*Memorandum of Conversation, by the Acting Secretary of State*

CONFIDENTIAL

[WASHINGTON,] June 13, 1949.

Participants: The Soviet Ambassador, Mr. Panyushkin  
The Acting Secretary, Mr. Webb  
Mr. Llewellyn Thompson, Deputy Director for European Affairs

The Ambassador referred to our last conversation at which I had handed him a note on the subject of Lend Lease and said he had now been instructed to inform me that his Government was awaiting a reply to its note of December 9, 1948. The Ambassador pointed out that this note covered a number of subjects, including the Soviet offer of \$200,000,000 as a lend lease settlement and a number of other phases of the question, whereas our note dealt only with the question of ships.

I said I had not recently gone over these papers, but my impression was that we had raised the question of ships, since the Soviet obligation to return these vessels was clear and specific.

The Ambassador then referred to Article 5 of the basic lend lease agreement and said that his Government did not agree with our interpretation of this Article. He said that it was necessary to consider this Article in relation to the whole lend lease agreement, and the view of the Soviet Government was that the Article should be interpreted without prejudice or discrimination.

I asked the Ambassador if I was to understand from his remarks that the Soviet Government rejected our note requesting the return of the naval vessels. The Ambassador hastened to point out that he had not yet received his Government's reply to this note, but had merely been instructed to say that the Government was awaiting its reply to its note of December 9, 1948.

I suggested that the best procedure would be to arrange for a meeting at which Mr. Thorp could be present in order that we might discuss some of the points raised by the Ambassador. I stressed, however, that we were awaiting a reply from the Soviet Government to



our note of May 25, that we considered the Soviet obligation to return these vessels as clear and definite and that we would take a most serious view of their failure to do so. It was left that we would advise the Ambassador when a meeting with Mr. Thorp could be set up.

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861.24/6-1449

*The Acting Secretary of State to the Ambassador of the Soviet Union  
(Panyushkin)*

CONFIDENTIAL

WASHINGTON, June 14, 1949.

EXCELLENCY: I have the honor to refer to your note No. 2 of January 11, 1949 explaining the basis of the action of your Government in making a further deduction of \$1,300,000 from the amount of the payment of interest due from your Government under the post-war Lend-Lease Agreement of October 15, 1945. In this note you stated that Soviet organizations had suffered losses amounting to \$1,300,000 or more as a result of the inability of your Government to obtain export licenses for material ordered in the United States. You further stated that the Soviet Government was withholding the sum of \$1,300,000 from the interest payment due on July 1, 1948 as a reserve to protect the legal interests and to cover the losses of the Soviet organizations.

As explained in Mr. Lovett's note of September 14, 1948,<sup>1</sup> the Government of the United States cannot accept the action of your Government in deducting from the interest due any sum as compensation for damages claimed to have been incurred by your Government as a result of non-receipt of export licenses. The obligations of the Soviet Government under the Agreement of October 15, 1945 are firmly established by the terms of that Agreement, which contains no provision for modification of payments due thereunder by unilateral action of the Soviet Government. Accordingly, this Government still considers the Soviet Government to be in default in the amount of \$1,300,000 in respect of the interest payment due on July 1, 1948.

In reiterating this position, I wish to assure your Excellency that this Department has given full consideration to the specific claims of the Soviet organizations which have been brought to the attention of this Government in accordance with the statement contained in your note of August 10, 1948.<sup>2</sup> In the material presented by your Government in connection with these claims nothing has appeared which would justify connecting them in any way with the interest payments due under the Agreement of October 15, 1945.

Accept [etc.]

For the Acting Secretary of State:  
WILLARD L. THORP

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<sup>1</sup> *Foreign Relations*, 1948, vol. iv, p. 1010.

<sup>2</sup> Note No. 146, *ibid.*, p. 1001.

861.24/6-1649

*Memorandum by the Assistant Secretary of State for Economic Affairs (Thorp) to the Acting Secretary of State*

SECRET

[WASHINGTON, June 16, 1949.]

In preparation for your next meeting with the Soviet Ambassador concerning the return of Lend-Lease Naval craft and the relation of this subject to the over-all lend-lease settlement negotiations,<sup>1</sup> there are set forth below certain recommendations together with background and supporting discussion.

*Recommendations*

It is recommended that you advise the Ambassador that since his call of June 13 you have carefully gone over the record and can find no possible justification for the failure of the Soviet Government to return the 3 icebreakers, 28 frigates and other Naval craft demanded by the United States Government in accordance with Article V of the Lend-Lease Agreement of June 11, 1942. In support of this it can be stated to the Ambassador:

(1) That the language of Article V is clear and unequivocal. (The text of Article V. found in section 1 of discussion below, could be quoted in this connection.)

(2) That the prerequisites conditioning the Soviet commitment to return the icebreakers, frigates and other Naval craft no longer exist since the President of the United States, who alone has the prerogatives in accordance with the specific language of the Agreement, has determined the end of the emergency and has determined that these craft are of use to the United States. (See section 2 of discussion below.)

(3) That, having not complied with its commitment, the Soviet Government is clearly in default of its obligations under Article V. The government of the United States not only considers the Soviet Government in default in not complying with the formal demand contained in the U.S. note of October 7, 1948 but also is of the opinion that that Government has acted in bad faith in not complying with the previous requests for the return of these vessels. The Ambassador could be reminded that nearly three years have elapsed since the return of the icebreakers was first requested on July 26, 1946<sup>2</sup> and nearly a year and a half has elapsed since the return of the frigates was requested in the U.S. note of January 23, 1948.<sup>3</sup> In this latter connection, it could be pointed out that it has been almost exactly two years since the Soviet Government received the U.S. memorandum of

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<sup>1</sup> The next meeting with Ambassador Panyushkin was held on June 20; for the memorandum of conversation covering it, see *infra*. Another memorandum was written on that day containing suggested comments as a basis for Acting Secretary of State Webb to use in that meeting; but its contents were not significantly different from the viewpoints contained herein, and it is not printed.

<sup>2</sup> *Foreign Relations*, 1946, vol. VI, p. 852.

<sup>3</sup> *Ibid.*, 1948, vol. IV, p. 956.

June 25, 1947<sup>4</sup> which stated the necessity of return of the frigates as well as the icebreakers. He could be told also that the Soviet Government alone, of all lend-lease recipients, has failed to return lend-lease articles when requested to do so. (See section 3 of discussion below.)

(4) If the Ambassador again raises the question of a reply to the Soviet note of December 9, 1948 on over-all settlement issues as a counter-move to our note of January 11, 1949 which covered only the return of Naval craft, he may be told:

(a) That upon receiving the Soviet note of December 9, 1948, this government in view of the expression contained therein of Soviet intentions to honor its commitments under the Master Agreement by return of the Naval craft, was prepared to reply to the Soviet note and to continue over-all discussions for the purpose of resolving the issues still standing in the way of an over-all settlement.

(b) That, on the other hand, after a reasonable period of time had elapsed without a reply to our note of January 11, this government began to entertain doubts as to the seriousness of Soviet intentions with respect to their obligations under Article V and the return of the Naval craft. Continued Soviet failure to implement its proposal to return these craft has had the further result of casting doubt upon the intentions of the Soviet Government with respect to other aspects of its obligations and upon its sincerity in the over-all settlement discussions.

(c) That in view of this situation this government expects the Soviet government to give evidence, prior to further discussion of general settlement matters, of Soviet good faith in the negotiations by returning the icebreakers, frigates and other Naval craft as required under the Master Lend-Lease Agreement. (See section 4 of the discussion below.)

(5) If the Ambassador persists in the position that Article V cannot be interpreted as a separate obligation but must be considered in relation to other aspects of the Agreement, he can be told:

(a) That Article V is of course a part of the over-all Master Agreement and that any over-all settlement, to be complete, must of course supersede the Soviet obligations under this Article;

(b) That the U.S., on the other hand, will not enter into any over-all settlement agreement modifying Article V in any respect until the Soviet obligations under this article have been met in full;

(c) That Article V contains definite language governing the time of return of lend-lease articles, namely "at the end of the emergency as determined by the President of the United States" and further stipulates that these articles shall be those "as shall be determined by the President . . . to be of use to the United States of America". It is perfectly clear, therefore, that the Soviet Government has agreed to return to the United States, since the emergency has been terminated, any articles when determined by the President to be of use to the U.S.;

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<sup>4</sup> *Foreign Relations*, 1947, vol. iv, p. 696.



(d) That the article contains no reference to other conditions for the return of articles or to other portions of the Agreement, also that nowhere in other portions of the Agreement can there be found any provisions modifying Article V.

(6) If the Ambassador again raises the question of prejudice or discrimination in connection with the disposition of returned articles he may be told:

(a) that Article V contains no provision limiting the United States with respect to disposition of returned articles which are the property of the Government of the United States;

(b) that the Government of the U.S. is of the opinion that its expressed willingness to sell to the Soviet Government, as surplus property in conjunction with the over-all lend-lease settlement, a total of 242 naval craft, considerably more than half of the 428 craft which the Soviet Government desires to purchase, cannot be considered as prejudice or discrimination but rather should be considered by the Soviet Government as an indication of the desire of this Government to give the Soviet Government most favored treatment;

(c) that, while the U.S. Government has no intention of disposing of any of the naval craft returned to it in a discriminatory or prejudicial manner since all of these vessels are of use to the United States, it cannot as a matter of principle agree to bind itself not to dispose of its property in any manner in accordance with the laws of the United States.

### *Background and Discussion*

#### *(1) Text of Article V*

Article V of the Soviet Master Lend-Lease Agreement of June 11, 1942 (Tab 1)<sup>5</sup> states: "The Government of the Union of Soviet Socialist Republics will return to the United States of America at the end of the present emergency, as determined by the President of the United States of America, such defense articles transferred under this Agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America."

#### *(2) U.S. Fulfillment of conditions contained in Article V*

The Soviet obligation set forth in Article V of the Master Lend-Lease Agreement is firm and unequivocal under certain stated conditions. The condition as to time has been formally fulfilled by the Presidential "Determination of the End of the Emergency Referred to in the Master Lend-Lease Agreements." This determination was made by the President in a memorandum to the Secretary of State dated July 7, 1948 (Tab 2). Although not published, the Soviet Government was notified of its existence in our note of October 7, 1948

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<sup>5</sup> All of the tabs herein referred to were not attached to the Department's file copy of this memorandum.

(Tab 3). The condition as to the determination of the usefulness of articles to the United States is, as in the case of determination of the end of the emergency, the sole prerogative of the President of the United States as specifically stated in the Agreement. This condition also has been formally fulfilled, in this instance, by the Secretary of State action under the authority delegated to him by the President. The determination is evidence by our notice to the Soviet Government also in our note of October 7, 1948. The Soviet Government has acknowledged on various occasions the existence of the 3 icebreakers, 28 frigates and 186 other craft and there appears to be no disagreement as to this aspect of the matter.

(3) *Soviet Delinquency*

Our first formal, legally and technically correct, demand for the return of the naval craft was made in our note of October 7, 1948. In March 1948<sup>6</sup> the Soviet Government met our request for the return of seven war-built tankers and one old dry-cargo vessel without a formal demand being made. No other lend-lease recipient other than the USSR has evaded its obligation under similar agreements to return articles to the United States. It was Soviet intransigence only which motivated the Department to perfect its position as to the determination of the end of the emergency.

Our first request for the return of the icebreakers was made by note dated July 26, 1946. This note stated our pressing need for the vessels and requested that they be made immediately available for return. A further request for their return was made in a note of September 14, 1946,<sup>7</sup> which primarily was a request to commence negotiations of an over-all settlement. The matter was also mentioned in an *aide-mémoire* of October 31, 1946<sup>8</sup> requesting a reply to our September note. The matter was included by Ambassador Smith<sup>9</sup> in conversation with Mr. Molotov<sup>10</sup> in Moscow in December 1946<sup>11</sup> and in January<sup>12</sup> and February 1947<sup>13</sup> in connection with our further attempts to initiate over-all lend-lease settlement negotiations. During the negotiations which finally opened on April 30, 1947, the Soviets were told in an "Outline of Main Points of Settlement Proposed by the U.S. Side" dated June 25, 1947<sup>14</sup> that Naval craft "shall be returned to the U.S. at ports to be designated by the U.S., except for certain vessels in

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<sup>6</sup> See the note of March 12, 1948, from the Secretary of State to the Ambassador of the Soviet Union, *Foreign Relations*, 1948, vol. iv, p. 983, and footnote 3.

<sup>7</sup> *Ibid.*, 1946, vol. vi, p. 854.

<sup>8</sup> *Ibid.*, p. 855.

<sup>9</sup> Walter Bedell Smith.

<sup>10</sup> Vyacheslav Mikhailovich Molotov was Minister for Foreign Affairs of the Soviet Union.

<sup>11</sup> See Ambassador Smith's note of December 31, 1946, *Foreign Relations*, 1946, vol. vi, p. 865.

<sup>12</sup> See telegram 6, from Moscow on January 2, 1947, *ibid.*, p. 865.

<sup>13</sup> See telegram 434, from Moscow on February 18, 1947, *ibid.*, 1947, vol. iv, p. 657.

<sup>14</sup> *Ibid.*, p. 696.



certain categories which the U.S. will agree to sell (after their constructive return) if a satisfactory Soviet offer is received." It was stated in the outline that the U.S. could not entertain offers for the icebreakers or frigates which must be returned. After an interlude of five months, the Soviets, in replying on December 16, 1947<sup>15</sup> to the U.S. proposals of June 25, offered to purchase the icebreakers on long-term credit. In our reply of January 23, 1948, we rejected the Soviet offer and requested the return of the icebreakers as a matter of urgency and also the frigates. After further general lend-lease settlement discussions with the Soviet Ambassador which terminated on March 12, 1948, another note<sup>16</sup> was forwarded in which we again declined the Soviet offer to purchase the icebreakers and requested that we be informed immediately of early dates upon which both the icebreakers and frigates would be returned to the U.S. With respect to the other Naval craft, this note stated that, not having received a list of these vessels remaining in Soviet custody as requested, the U.S. assumed that the Soviet Government did not desire their purchase and that their return to the U.S. was expected. This note stated also that the U.S. could not "long remain patient in the face of the silence of the Soviet Government regarding the necessary return of the icebreakers and other Naval vessels." In a note of June 25, 1948,<sup>17</sup> the Soviet Government agreed to include in an over-all settlement provisions for the return of the 28 frigates on the assumption that the vessels are needed by the U.S. itself and that the U.S. does not propose to sell or transfer them and thus no discrimination against the Soviet Union would occur. This note proposed that the icebreakers be leased to the USSR since the U.S. would not agree to a long-term credit sale. Our note in reply, dated September 3, 1948,<sup>18</sup> stated that the Soviet proposals to lease the icebreakers and to include provisions for the return of the frigates in a settlement agreement were not responsive to our request for their immediate return. We again demanded their immediate return under Article V of the Master Agreement and requested that we be advised urgently that these vessels were available for immediate transfer to the U.S. in Continental U.S. ports. The note also stated that the return of lend-lease articles under Article V of the Master Agreement is not dependent upon the use of such articles to be made by the U.S. Not receiving a reply to our note of September 3, 1948 a formal demand was made in our note of October 7, 1948 for the immediate return of naval craft as follows: 3 icebreakers, 28 frigates, 15 landing craft, Infantry, 101 Torpedo Boats, 39 Large Submarine Chasers and 31 Small Submarine Chasers.

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<sup>15</sup> *Foreign Relations*, 1947, vol. iv, p. 715.

<sup>16</sup> See the note of May 7, 1948, from the Secretary of State to the Ambassador of the Soviet Union, 1948, vol. iv, p. 984.

<sup>17</sup> *Ibid.*, p. 989.

<sup>18</sup> *Ibid.*, p. 1004.



(4) *Policy of Refusing to Continue Negotiations until Naval Craft are Returned*

Upon receiving the Soviet note of December 9, 1948 (Tab 5) agreeing to the return of the icebreakers and frigates, the Soviet Ambassador was called in to be notified of our agreement to designate a group of experts to agree with Soviet experts as to the details of the return and to arrange for a date upon which the experts would begin discussions. Since the Ambassador replied only that he would report the matter to Moscow, a note was forwarded for the record on January 11, 1949 (Tab 6) setting forth our agreement to the proposed procedure and asking to be informed of the names of the Soviet experts and the date upon which they would be available to begin discussions. It was planned at that time to initiate general lend-lease settlement discussions simultaneously with the discussions of the experts, or at least at the time when the experts had reached agreement on the icebreakers and frigates. Soviet delay in responding to our note of January 11 supported our doubts as to Soviet intentions with respect to the Naval craft and also with respect to Soviet intentions in the over-all settlement negotiations. It would now appear that Soviet tactics are directed to making the return of the Naval craft dependent upon agreement as to an over-all settlement. This same tactic has been used, so far successfully, by the Soviets in the negotiations with respect to their obligations under Article IV of the Master Lend-Lease Agreement to compensate U.S. nationals for the use of their patented processes supplied under lend-lease (See U.S. Note of October 12, 1948,<sup>19</sup> Tab 7.) The Soviet position is based obviously upon the fact that they are desirous of deferring return of the Naval craft indefinitely and that they have no intention of negotiating in good faith for an over-all lend-lease settlement. It is clear that the Soviet position offering a ridiculously low lump-sum over-all settlement is much more easily defended than would be a default in its clear obligation to return lend-lease articles under the Master Agreement. Thus to continue negotiations without the return of the Naval craft would encourage the Soviet position and invite continued stalling not only the return of the Naval craft but on an over-all settlement as well. Our insistence on the return of the vessels immediately and carrying through in every possible way would improve the U.S. bargaining position in the over-all settlement negotiations. Our negotiating position is based primarily on the fact that residual lend-lease articles either must be returned to the U.S. or must be paid for in the over-all settlement. Failure to insist upon our clear rights with respect to recapture of lend-lease articles would jeopardize our position and would further prolong the already tedious discussions.

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<sup>19</sup> *Foreign Relations*, 1948, vol. iv, p. 1016.

It is felt that no reply should be given to the Soviet note of December 9 until we have firm assurances that the Naval craft will be returned immediately. If these assurances are not forthcoming it is felt that the procedure set forth in the policy problem statement of May 6, 1949 (Tab 8) should be followed: that we should publicize Soviet failure to live up to its obligations under the Master Agreement and demand the return of the 87 merchant vessels remaining in Soviet possession preparatory to attempting to regain their custody by legal action in friendly foreign ports and to impeding to the greatest extent possible their use in foreign commerce. The possibilities of offering to present the matter to the World Court or to another action should be explored.

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861.85/6-2049

*Memorandum of Conversation, by the Acting Secretary of State*

CONFIDENTIAL

[WASHINGTON,] June 20, 1949.

Participants: The Acting Secretary, Mr. Webb  
Assistant Secretary, Mr. Thorp  
Deputy Director for European Affairs, Mr. Thompson  
The Soviet Ambassador, Mr. Panyushkin

The Ambassador came in at my request to continue our discussion on the return of certain vessels under the Lend Lease Settlement. After outlining the position regarding our request for the return of the three icebreakers and twenty-eight frigates under Article 5 of the Lend Lease Agreement, I said I saw no basis for connecting our request that the Soviet Government honor this specific obligation with the overall Lend Lease Settlement. I said I felt obliged to take the view that failure of the Soviet Government to comply with our request would constitute default on this specific agreement.

The Ambassador pointed out that he had drawn to our attention the fact that the Soviet Government was awaiting a reply to its note of December 9. In its December note, the Soviet Government had expressed the view that the United States Government interpreted Article 5 too broadly. In a United States note which, to the best of his recollection, was dated September 1948,<sup>1</sup> the United States Government had stated that it did not matter what disposition was made of these naval vessels. He said that Article 5 provided that there should be no discrimination and that the Lend Lease Settlement should be made for the mutual benefit of both governments and that the Soviet Government was not indifferent to what use these returned military goods would be put.

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<sup>1</sup> Note from the Secretary of State to the Ambassador of the Soviet Union, dated September 3, 1948, *Foreign Relations*, 1948, vol. iv, p. 1004.



I then showed the Ambassador the text of Article 5 and pointed out that the language of this Article was clear.

The Ambassador countered by saying that the Article provided for the return of these items if they were of use to the United States for the defense of the United States or for the Western Hemisphere.

I replied by pointing out that these words were followed by the words "or for other use."

The Ambassador again observed that our September Note contained a broad interpretation of Article 5.

Mr. Thorp said he did not understand what had happened as he and the Ambassador had agreed months ago that the icebreakers be returned, and the Ambassador had agreed to appoint experts. The icebreakers had nothing to do with the national defense.

The Ambassador said that on May 25, Mr. Webb had handed him a note in regard to three icebreakers and twenty-eight frigates and he had promised to inform his Government. This had been done but he had not received any reply. However, he had been instructed to say he was awaiting a reply to the Soviet Government's note of December. The Soviet Government had not withdrawn its agreement to the return of the three icebreakers and the twenty-eight frigates.

Mr. Thorp referred to the fact that when arrangements had been made for the return of the tankers, the experts had been designated almost immediately. In the present case, there was a delay of months.

The Ambassador referred to the long delay in our reply to its note of December 9.

I stated that the position of this Government was that the question of the return of the three icebreakers and the twenty-eight frigates was a matter which we regarded as a clear and specific obligation. There were a number of matters in the note of December 9, some on which I was sure we could reach agreement, but if the Soviet Government was not prepared to carry out its specific obligation to return these vessels, I did not see how we could go forward with the discussions. We were coming to the conclusion that the Soviet Government did not intend to go forward in good faith, but were in effect in a situation which would constitute default on an engagement, and I pointed out that would be very unfortunate from the standpoint of our two governments.

The Ambassador said he was not trying to delay; the matter was being studied. On the other hand, he thought the United States Government was delaying with regard to the settlement by not replying to the Soviet Note of December 9.

I said we were anxious to proceed with the overall settlement. We had supplied to the Soviet Union under Lend Lease a vast amount of material and carried out our obligations under Article 5. We had requested the return of these vessels in accordance with the provisions



of Article 5, and I now reiterated this request. If the Soviet Government proceeded to appoint the experts, we could go ahead; otherwise, we could only conclude that they were in default. I repeated that the language of Article 5 and the Soviet obligation were very clear. I could inform the Ambassador, however, that the United States did not in fact intend to dispose of these vessels. Moreover, with reference to the Ambassador's reference to discrimination, I wished to point out that we were prepared to let the Soviet Government have 242 of these naval craft which we considered was very favorable treatment for the Soviet Government.

The Ambassador observed that he had not raised the question of mutual benefits and what the Soviet Army had contributed to the defeat of Germany. He said that these matters were as clear as was Article 5.

I reiterated that Article 5 stood on its own feet; it gave us a clear right and imposed a clear obligation on the Soviet Government.

After further exchanges, along the same line as the foregoing, I asked the Ambassador whether there was anything in the Lend Lease Agreement which gave the Soviet Government the right to hold these vessels.

The Ambassador replied that they were not going to hold them, nor was the Soviet Government delaying its answer. Perhaps the experts were in fact being appointed. He pointed out, however, that any delay in appointing the experts was short in comparison with the delay in our reply to their note of December 9.

I again impressed upon the Ambassador the importance we attached to the Soviet Government's fulfilling its obligation and demonstrating its sincerity in these negotiations.

The Ambassador said their proposals of December 9 showed that the Soviet Government sincerely desired to settle this problem. He said that the Soviet proposals were appropriate and based on the precedent of other settlements. It was recalled that eight tankers had been returned and that the Soviet Government had conducted negotiations with representatives of oil companies with regard to patent rights. The Soviet Government wished to appoint experts, but he admitted this had been a little delayed. He added he thus could not agree with my conclusions that there were no signs of a Soviet desire to conclude an agreement, but while he admitted some delay he did not agree that the Soviet Government was in default on Article 5.

I then asked the Ambassador if he could not agree to do something to speed up the appointment of the Soviet experts in order that we could move forward on this matter. The Ambassador agreed that he would report this conversation to his Government and gave the impression that this might be effective.

861.24/6-2649

*The Ambassador of the Soviet Union (Panyushkin) to the Secretary of State*

[Translation]

No. 78

WASHINGTON, 26 June 1949.

SIR: With reference to the note of the Acting Secretary of State of the U.S.A. Mr. Webb of May 25, 1949, I have the honor upon instructions from the Soviet Government to communicate the following.

The Embassy's note of December 9, 1948 set forth the proposals of the Soviet Government concerning the settlement of all questions relative to the lend-lease accounts and in particular advised of the agreement of the Soviet Government that experts of both parties would discuss the arrangements and date for the return by the Soviet Union of the 28 frigates and 3 icebreakers, the conditions of sale to the Soviet Union of a certain quantity of naval vessels transferred to the USSR under lend-lease, and the arrangement and dates for the return to the U.S.A. of the remaining portion of these vessels. In this connection it was envisaged that experts would also discuss the question concerning the conclusion of a special agreement on the sale of merchant vessels to the Soviet Union.

The Soviet Embassy in making the proposals set forth in the Embassy's note of December 9, 1948 and in particular expressing agreement for the return of the icebreakers, frigates and a portion of the other naval vessels in the absence of the necessary conditions arising from Article V of the Agreement of June 11, 1942 had grounds to expect that the Government of the United States would appropriately evaluate the significance of the proposals contained in the reference note as a step contributing to the rapid and complete settlement of lend-lease questions.

Instead of this, the Government of the U.S.A. in its notes of January 11 and May 25, 1949 pursued the course of artificially isolating the question of the return of the naval vessels from the series of questions forming the contents of the Embassy's note of December 9, 1948, and has given no reply up to the present on the substance of all the proposals of the Soviet Government relative to the lend-lease settlement.

Such a position of the Government of the U.S.A. has been the reason for the delay in the settlement of the questions relating to the vessels mentioned in the note of the Acting Secretary of State Mr. Webb of May 25, 1949.

In view of the foregoing, the Soviet Government cannot concur in the assertion contained in the reference note of Mr. Webb that the Soviet Government is allegedly not fulfilling its obligations under

Article V of the Agreement of June 11, 1942 and considers such an assertion as groundless.

The Government of the USSR rests on its former position of desiring the most rapid settlement of lend-lease questions. Accordingly and for the purpose of creating favorable conditions for the successful conclusion of the negotiations on the lend-lease questions the Government of the USSR will appoint in the near future its experts to discuss with American experts the dates and arrangements for the return of the 3 icebreakers and the 28 frigates.

Accept [etc.]

A. PANYUSHKIN

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861.24/7-249

*The Ambassador of the Soviet Union (Panyushkin) to the Secretary of State*

[Translation]

No. 80

WASHINGTON, July 2, 1949.

SIR: Upon instructions from the Government of the Union of S.S.R. I have the honor to communicate that the Soviet Government has given an order for a third payment of interest to be made to the Government of the U.S.A. according to the Agreement between the U.S.S.R. and the U.S.A. dated October 15, 1945, in the amount of 1,481,715 dollars.

The calculation of this sum is based on the following:

1. From the amount of the regular payment of interest 490,000 dollars are excluded, in accordance with the Soviet note of July 4, 1947,<sup>1</sup> which apply to the value of equipment delivered under the Agreement in incomplete form.

2. As was indicated in my note of January 11, 1949, inasmuch as the damages to the Soviet economic organizations in connection with the discrimination on the part of the Government of the U.S.A. in regard to the exporting of equipment to the Soviet Union have been growing, 2,500,000 dollars are reserved from the sum of the payment as partial compensation for the said damages. The Purchasing Commission of the U.S.S.R. in the U.S.A. can, if necessary, communicate the details relating to these damages.

3. On December 27, 1946<sup>2</sup> the Government of the U.S.S.R., upon the request of the Government of the U.S.A., paid in 725,000 dollars for administrative and supplementary expenses connected with the

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<sup>1</sup> Note No. 118, *Foreign Relations*, 1947, vol. iv, p. 702.

<sup>2</sup> See the letter of December 28, 1946, from the Chairman of the Government Purchasing Commission of the Soviet Union in the U.S.A., Ivan Andreyevich Yerehin (Eremin), to the Lend-Lease Administrator, Chester T. Lane, *ibid.*, 1946, vol. vi, p. 864.



delivery of goods under the Agreement of October 15, 1945. However, this sum has not been utilized as designated, in view of the discontinuance of shipments; the sum of 725,000 dollars with interest for the period from December 30, 1946 to July 1, 1949, amounting to 43,000 dollars (computing two and three-eighths percent annually), is also excluded from the regular payment.<sup>3</sup>

As far as your note of June 14, 1949 is concerned, the statements contained in it cannot be regarded as well founded. As is well known, the Government of the U.S.A. has violated its obligations under the Agreement of October 15, 1945, unilaterally discontinuing deliveries under the Agreement in January 1947, and, discriminating against the U.S.S.R., is not fulfilling its obligations under the Soviet-American Trade Agreement of 1937.<sup>4</sup> Under such circumstances the Soviet Government, because of the necessity of protecting the interests of the Soviet economic organizations, does not consider it possible to change the position stated in my note of January 11, 1949.

Please, accept [etc.]

A. PANYUSHKIN

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<sup>3</sup> In regard to this deduction of \$725,000 and interest upon it of \$43,000, the Director of the Office of Financial and Development Policy, J. Burke Knapp, wrote on July 20, 1949, to R. W. Maxwell, Commissioner of Accounts in the Department of the Treasury, and stated in part: "It is considered that the Soviet advice of this reduction in the interest payment is in fact a redesignation of the special deposit for the payment of interest due July 1. It would be appreciated, therefore, if you would arrange for the necessary adjustments to the Soviet Lend-Lease accounts." Mr. Knapp inquired further for "information as to the policies of the Treasury Department" concerning the deduction of \$43,000 as interest on the special deposit. (861.24/7-2049)

In a reply of August 16, Mr. Maxwell wrote that his office "will make the necessary adjustments in the Soviet Lend-Lease accounts for the amount of \$725,000," but that the deduction of \$43,000 "should not be allowed as a credit against the amounts due under the Agreement of October 15, 1945." There was "no agreement or understanding which would support the conclusion of the Soviet Government" and allowance of this deduction "would not be consistent with similar transactions with other Foreign Governments when no credit was allowed as interest on the special deposits." (861.24/8-1649) Mr. Francis T. Murphy, Chief of the Lend-Lease and Surplus Property Staff, expressed concurrence with this position of the Treasury Department in a letter to Mr. Maxwell on December 2, and since it was not "an eligible deduction" he accordingly requested that "you include the sum of \$43,000 in your next billing to the Soviet Government." (861.24/8-1649)

Mr. Maxwell had sent a letter on November 30 to Gennady Nikolayevich Ogloblin, the treasurer of the Government Purchasing Commission of the Soviet Union in the United States in New York City, in which he wrote that "we have applied your payment of June 30, 1949, in the amount of \$1,481,715.00, and the deposit of \$725,000.00, which was made in December 1946 for administrative and incidental expenses" as credits on the total amount of interest which had been due from the Government of the Soviet Union as of July 1, 1949. In the payment of the interest on account of the 1945 agreement made by the Government of the Soviet Union in 1950, this special deposit with interest upon it, was not excluded from the payment made.

<sup>4</sup> For documentation on the conclusion of a commercial agreement between the United States and the Soviet Union on August 4, 1937, see *Foreign Relations*, The Soviet Union 1933-1939, pp. 405 ff.

861.24/7-2249

*The Ambassador of the Soviet Union (Panyushkin) to the Secretary of State*

[Translation]

No. 91

WASHINGTON, July 22, 1949.

MR. SECRETARY OF STATE: With reference to the Embassy's note No. 78 of June 26, 1949, I have the honor to state that the Soviet Government has appointed Rear Admiral N. A. Piterski and Captain Second Class M. I. Vanyukhin as experts to discuss with experts of the United States of America the dates and procedure for the return of the three icebreakers and twenty-eight frigates received by the Soviet Union under lend-lease.

The said experts will depart for the United States within a few days.<sup>1</sup>

Accept [etc.]

A. PANYUSHKIN

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<sup>1</sup>The arrival of these experts on August 3 at Idlewild Airport in New York on an Air France plane from Paris was reported in the *New York Times* of August 4, 1949. On August 8, Vladimir Ivanovich Bazykin, the Counselor of the Embassy of the Soviet Union, informed the Department of State by telephone that they had reached Washington and were ready to begin the conversations whenever the Department advised the Embassy of its plans. (861.24/8-849)

861.24/7-2249

*The Secretary of State to the Ambassador of the Soviet Union (Panyushkin)*<sup>1</sup>

WASHINGTON, July 26, 1949.

EXCELLENCY: I have the honor to acknowledge receipt of your note No. 91 of July 22, 1949 advising that the Soviet Government has appointed Rear Admiral N. A. Piterski and Captain Second Class M. I. Vanyukhin as experts to discuss the dates and procedure for the return of the three icebreakers and twenty-eight frigates "leased" to your Government under lend-lease and that these experts will depart for the United States within a few days.

The composition of the United States group designated for these discussions has changed somewhat from that made known to you in

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<sup>1</sup>The Deputy Assistant Secretary of State for European Affairs, Mr. Llewellyn E. Thompson, Jr., recommended in a memorandum of July 26 to the Deputy Under Secretary of State, Dean Rusk, that he should sign this reply to the note of July 22 from Ambassador Panyushkin in the absence of both Mr. Webb and Mr. Thorp. He also pointed out: "The Soviet note fails to mention return of 186 other smaller Naval craft the return of which was formally demanded together with the 3 icebreakers and 28 frigates in our note of October 7, 1948. It is felt, however, that we should not press the matter of the other vessels until the details of return of the icebreakers and frigates have been agreed upon. The attached reply to the Soviet Ambassador has been drafted with this in mind." (861.24/7-2249)

your conversation with Mr. Thorp of Mr. R. G. Hooker, Department of State; Captain William O. Floyd, U.S.N.; Lieutenant Commander J. C. Davis, U.S.N.; Mr. C. C. Matlock, Department of State; and Mr. M. H. Cardozo, Department of State. The United States group is ready to begin discussions immediately upon arrival of the Soviet experts in Washington.

It is the belief of this Government that, upon the conclusion of discussions concerning the icebreakers and frigates, further discussions by these experts would be desirable as to the other Naval craft listed in this Government's note of October 7, 1948.

Accept [etc.]

For the Secretary of State:  
DEAN RUSK

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861.24/8-449

*Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State*

SECRET

[WASHINGTON,] August 4, 1949.

#### DISCUSSION

Lend-Lease settlement discussions with the Soviets began in April 1947 and, although some progress has been made, the two sides remain far apart on the major issue of the over-all amount to be paid by the USSR. The U.S. position follows generally the principles of other major settlements already concluded. The U.S. asks no payment for any lend-lease assistance expended in the war effort and asks no payment for "military-type" articles which may remain in Soviet custody under the settlement. We ask payment only for the fair value of "civilian-type" articles remaining in the USSR on V-J day which have a peacetime utility to the Soviet economy. The depreciated landed cost of "civilian-type" articles after allowance for wartime losses has been estimated by the U.S. at \$2,600 million. This estimate was made known to the Soviets early in the negotiations. As our first step in the bargaining process we have offered to accept \$1,300 million for these articles. While we have not finally determined the minimum sum acceptable it is the consensus that an amount computed as nearly as possible in accordance with the principles of the British settlement, namely, \$500-\$600 million, would be practicable. The Soviets in their note of December 9, 1948 raised their original offer of \$170 million to \$200 million which still is considered by us as a bargaining approach not seriously intended. We are prepared, however, to reply by reducing our proposal from \$1,300 million to \$1,000 million. This offer, it is felt, will leave no doubt as to the seriousness of our intentions to proceed to a mutually satisfactory settlement.

The Soviets object to our proposal to retain recapture rights of



"military-type" articles which may remain in the USSR on the grounds that such a provision would only prolong the complete and final settlement of the account. They agree, however, to a provision prohibiting retransfer of military items without prior U.S. consent. Rather than deal with this matter now, we propose to parry the question pending the outcome of other issues.

#### CREDIT TERMS

The Soviets also disagree with our proposed credit terms and request MFN treatment. Our terms are the standard lend-lease and war accounts settlement terms approved by the NAC: 2% interest accruing from July 1, 1946 payable July 1, 1947 and annually thereafter; principal payable in thirty equal annual installments of interest and principal beginning July 1, 1951. It is contemplated that the settlement with the Soviets would be retroactive to these dates. These terms are the most favorable granted in any major lend-lease settlement except the British, which is a part of an over-all Financial Agreement including a \$3,750 million loan. We are prepared to stand on our present position on the basis that the terms offered are the most favorable granted in any other settlement limited to Lend-Lease and war accounts.

#### MERCHANT VESSELS

Tentative agreement has been reached on the amount and terms of sale of the 36 war-built liberty ships remaining in Soviet custody and we are ready to agree, also tentatively, to the Soviet December 9 offer of \$13 million for the old pre-war-built merchant vessels. Our agreement to sell these vessels has, since the outset, been conditioned upon a prompt satisfactory over-all settlement.

#### NAVAL CRAFT

Soviet obligations to return lend-lease articles to the U.S. when requested are clear and specific under Article V of the Soviet Master Agreement. As a result of Soviet delays in returning 31 Naval craft, requested informally as early as July 1946 (3 icebreakers) and January 1948 (28 frigates), on October 7, 1948 we made a formal demand for the return of a total of 217 Naval craft including the icebreakers and frigates. We have indicated our willingness to sell the remaining 242 Naval craft to the USSR under surplus property procedures as a part of the over-all settlement. In their note of December 9, 1948, the Soviets agreed to return the frigates and icebreakers if experts of both sides would agree as to the dates and procedures of return. They also agreed that the experts should discuss the return of a certain number of other craft and the terms of sale of the balance. The Soviet Ambassador was informed of the names of

the U.S. experts by Mr. Thorp on January 4 and was asked to designate the Soviet experts for immediate discussions. After further delays culminating in conversations between Mr. Webb and the Soviet Ambassador in May and June, the Soviet experts were designated on July 22 and are expected to arrive in Washington shortly.

Our delay in replying to the Soviet note of December 9 was prompted by the failure of the Soviet Government to designate its experts and its resulting evasion of its obligations to return the Naval craft. Our action was designed to forestall further linking of the specific obligation to return these craft under Article V to the over-all settlement discussions. Since the experts have now been designated, it is considered desirable to avoid further delay and to press for an over-all settlement as forcefully and as rapidly as possible.

#### PATENTS

Soviet obligations to compensate U.S. firms for the use of their patented processes in the lend-lease oil refineries are also clearly and specifically set forth under Article IV of the Master Agreement. Failure of the Soviets to settle with the patent holders during a period of over a year, their demands for new process information, their requests for rates well below those applicable in the U.S. and their refusal to conclude settlement except in conjunction with an over-all lend-lease settlement, prompted a formal demand by us in a note dated October 12, 1948.<sup>1</sup> Since no action has been taken by the Soviets in response, we consider them in default of their commitments under Article IV of the Master Agreement. A separate reply to that portion of the Soviet note of December 9 dealing with patent matters is thus considered desirable.

#### RECOMMENDATIONS

Signature of the attached notes, one on patents and one replying to the Soviet note of December 9, 1948 is recommended.<sup>2</sup>

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<sup>1</sup> *Foreign Relations*, 1948, vol. iv, p. 1016. The United States had declared in its "Outline of the Main Points of Settlement" of June 25, 1947, that it expected that the government of the Soviet Union would make satisfactory settlement agreements directly with United States companies who held patents on oil refinery processes and equipment which had been made available under lend-lease and had been used by the Soviet Union. A note of December 16, 1947, from the Soviet Union (*ibid.*, 1947, vol. iv, p. 715), stated that it would undertake negotiations for the conclusion of satisfactory agreements with the companies concerned. In the next year the United States made inquiries of the government of the Soviet Union when it intended to proceed with the negotiations to reach agreements with the patent holding firms. There is a large quantity of correspondence on this subject between the United States Government, the companies involved, and their attempts to obtain satisfactory settlements with the Soviet Union in the central files and Lot collections of the Department of State.

<sup>2</sup> See the following two notes dated August 8, 1949.



861.24/8-849

*The Secretary of State to the Ambassador of the Soviet Union  
(Panyushkin)*

WASHINGTON, August 8, 1949.

EXCELLENCY: I have the honor to refer to this Government's note of October 12, 1948 in which your Government was requested, in accordance with Article IV of the Lend-Lease Agreement of June 11, 1942, to compensate on or before January 1, 1949 five United States firms for the use of their patented processes in the oil refineries supplied to your Government under Lend-Lease and to conclude agreements on or before January 1, 1949 to compensate two other United States firms, such compensation to be made not later than March 1, 1950. Reference is also made to your note of December 9, 1948 in which you state that the Government Purchasing Commission of the Soviet Union in the United States of America has been carrying on for some time appropriate discussions with three of the seven United States patent holders and that the Soviet Government sees no reason to alter the procedure for settlement of this question.

The Government of the United States, in the "Outline of Main Points of Settlement Proposed by the U.S. Side" handed to representatives of your Government on June 25, 1947, set forth two possible procedures for action by your Government to fulfill its obligations under Article IV of the Agreement of June 11, 1942, namely the conclusion of satisfactory arrangements by your Government with the individual patent holders or the payment by your Government of a lump sum to the Government of the United States to cover the patent holders' interests. In a note dated December 16, 1947 your Government expressed its preference for satisfying its obligations by conclusion of agreements directly with the United States patent holders. After many months had elapsed, however, without any indication of a constructive effort on the part of your Government to come to satisfactory agreements with the United States firms and without any substantial progress being indicated in reaching agreement between our two Governments as to other aspects of a comprehensive lend-lease settlement, this Government was obliged to exercise its rights under Article IV of the Agreement of June 11, 1942 by transmitting to your Government the specific request for action by your Government as set forth in this Government's note of October 12, 1948. In spite of this request little progress has been made by your Government toward the necessary agreement with the patent holders. It is the understanding of this Government that the Government Purchasing Commission of the Soviet Union has insisted that any agreement with the patent holders should become effective only upon conclusion of an over-all settlement between our two governments and that the rates of com-



pensation should be less than those charged for use of the processes in this country by the Government of the United States.

The obligations of the Soviet Government to compensate United States patent holders, as set forth in Article IV of the Agreement of June 11, 1942, are clear and unequivocal. Article IV provides that the Soviet Government will take action or make the payments required to protect United States patent holders when requested to do so by the President of the United States. No other provisions of the Agreement modify these obligations in any respect. The request by the President was duly made known to your Government in this Government's note of October 12, 1948 and the formula for determining the amounts of compensation, as included in Mr. Stettinius'<sup>1</sup> letter of June 8, 1943<sup>2</sup> to Major General Belyaev,<sup>3</sup> was affirmed therein.

In view of the above, the Government of the Union of Soviet Socialist Republics must be aware that, pending satisfactory compensation of the five United States firms and conclusion of satisfactory agreements with the other two firms as set forth in this Government's note of October 12, 1948, it continues in default of its obligations under Article IV of the Agreement of June 11, 1942. The Government of the United States requests immediate notification of the intentions of the Soviet Government in this respect.

Accept [etc.]

For the Secretary of State :

JAMES E. WEBB

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<sup>1</sup> Edward R. Stettinius, Jr., was at this time the Lend-Lease Administrator.

<sup>2</sup> Not printed, but see the extract from it in the memorandum of October 8, 1948, by Paul H. Nitze, the Deputy to the Assistant Secretary of State for Economic affairs, Willard L. Thorp, *Foreign Relations*, 1948, vol. iv, p. 1015.

<sup>3</sup> Maj. Gen. Alexander Ivanovich Belyaev was Chairman of the Government Purchasing Commission of the Soviet Union in the United States, February 1942 to November 1943.

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861.24/8-849

*The Secretary of State to the Ambassador of the Soviet Union  
(Panyushkin)*

WASHINGTON, August 8, 1949.

EXCELLENCY: I have the honor to refer to your note of December 9, 1948 replying to this Government's notes of September 3, October 7 and October 12, 1948 concerning the settlement of the obligations of your Government under the Lend-Lease Agreement of June 11, 1942.

The matter of the three icebreakers, twenty-eight frigates and other vessels of the United States Navy, which was the subject of this Government's note of October 7, 1948, may, it is hoped, be promptly disposed of in discussions with the Soviet experts designated in your note of July 22, 1949. The matter of compensation of United States

patent holders, as requested in this Government's note of October 12, 1948, is the subject of a separate note forwarded simultaneously herewith.<sup>1</sup> As pointed out in recent conversations with you and as stated in the accompanying note, the times and conditions for fulfillment by your Government of its obligations, with respect to the return of lend-lease articles, are governed specifically by the provisions of Article V of the Agreement of June 11, 1942 and, with respect to compensation of United States patent holders, by the provisions of Article IV of that Agreement, and these provisions are clear and unequivocal. This Government, therefore, expects the Soviet Government to take immediate action in fulfillment of its commitments with respect to these matters.

In your note of December 9, 1948 you stated that the Soviet Government is prepared to purchase the pre-war-built merchant vessels and the tugs for the sum of \$13 million, having in mind that experts of both parties should come to an understanding regarding the conclusion of a special agreement on the sale of merchant vessels to the Soviet Union.

The Government of the United States considers this amount satisfactory as the cash price for the sale of the vessels, effective as of September 2, 1945, it being understood that the sale will be consummated only upon conclusion of the over-all Lend-Lease settlement. Agreement on this point resolves satisfactorily another of the several points of a comprehensive settlement; but the Government of the United States will continue to reserve its rights under Article V of the Agreement of June 11, 1942 to require the return to the United States of the pre-war-built merchant vessels and the tugs, as well as other lend-lease articles, until such time as a mutually satisfactory over-all settlement agreement is reached.

With reference to that portion of your note of December 9, 1948 which cites the publication of the United States Senate, "Additional Report of the Special Committee Investigating the National Defense Program",<sup>2</sup> and compares the over-all amount of the settlement with the United Kingdom with that proposed with your Government, such comparisons shed no light upon the substance of the lend-lease settlement negotiations with your Government and serve no useful purpose in the furtherance of these negotiations. In fact, the Government of the United States could readily present alternative calculations demonstrating that the amount of settlement with your Government should, in comparison with that reached with the United Kingdom, be much

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<sup>1</sup> *Supra.*

<sup>2</sup> See U.S. Congress, Senate, *Investigation of the National Defense Program. Additional Report of the Special Committee Investigating the National Defense Program*, Report No. 110 (79th Cong., 1st and 2d sess.), Washington, Government Printing Office, 1945, 1946.



greater than the amount of \$1,300 million already proposed by the United States.

With respect to the over-all sum to be paid by the Soviet Government, the Government of the United States is again obliged to point out that, in recognition of the Soviet contribution to the common war effort, the Government of the United States has asked no payment for articles "destroyed, lost or consumed" in the war, and, in fact, has asked no payment whatsoever for any portion of lend-lease assistance expended by the Soviet Union for the defeat of our common enemies. This Government also has asked no payment for military items of combat types which may remain in Soviet custody under the settlement. The Government of the United States asks payment only for the fair value of the "civilian-type" articles remaining after the defeat of our common enemies, which value is derived solely from the usefulness of the articles in the post-war period. Thus, it is significant that the total cost of the goods and services provided by the United States to the Soviet Government for its war effort without request for payment of any part of the cost amounts to over \$8,000 million or about three quarters of the total of the United States lend-lease assistance to the Soviet Government. It is of even greater significance, however, that the amount of \$1,300 million proposed by the United States in its note of September 3, 1948 as reasonable compensation represents only one-half of the value of \$2,600 million of the inventory of "civilian-type" articles estimated by the United States as remaining for post-war use in the Soviet Union and it must also be noted in this connection that the value of \$2,600 million which has been reduced by one-half represents not the original cost of the residual articles but the cost after estimated losses and depreciation arising from war use have been deducted.

In view of these facts, the Government of the United States cannot consider your Government's proposal of an over-all sum of \$200 million as a serious offer intended to expedite a settlement agreement nor can it consider that such a sum would under any circumstances, provide adequate or reasonable compensation for the "civilian-type" lend-lease articles remaining in the custody of your Government at the war's end. The Government of the United States, on the other hand, views the conclusion of a lend-lease settlement agreement as a matter of urgency and is desirous that no possible obstacles stand in the way of such a settlement. It therefore proposes that, instead of the amount of \$1,300 million proposed in its note of September 3, 1948, the amount of \$1,000 million be agreed upon as compensation for all "civilian-type" lend-lease articles remaining in Soviet custody at the war's end.

In making its proposal of the amount of \$1,000 million, the Government of the United States has considered all relevant factors having a bearing upon this issue and has concluded therefrom that this



amount should be accepted as a fair and reasonable settlement. In this connection, it is recalled that under the arrangement between Premier Stalin and President Roosevelt concluded in November 1941,<sup>3</sup> Premier Stalin agreed to pay \$1,000 million dollars without interest within fifteen years after the end of the war, this amount being the full cost of total aid then contemplated. This arrangement, although it was superseded by the Agreement of June 11, 1942, is significant as an indication of the reasonableness of the present proposal of the Government of the United States, since it would have required full payment for lend-lease assistance furnished thereunder, while in the present instance this Government is asking payment in an amount equal to less than one-tenth of the total aid provided amounting to over \$10,800 million.

With respect to the credit terms of payment it is pointed out that the terms offered by the United States in its note of September 3, 1948, namely, interest at 2% per annum accruing from July 1, 1946 and principal repayable in thirty annual installments beginning five years after July 1, 1946, are in fact the most favorable terms granted to any country in a settlement limited to lend-lease and war accounts. In this connection it should be noted that the terms of the Financial Agreement of December 6, 1945 between the United States and the United Kingdom which were made applicable to the lend-lease settlement, were part of broad over-all economic and financial arrangements.

This Government has noted the statement in your note of December 9, 1948, that the Soviet Government is unable to alter its position that the inclusion in the settlement of a provision reserving to the United States its right of recapture of "military" articles would only delay final settlement of the lend-lease account. This Government has made clear its position on this matter in previous communications. It is suggested, therefore, that this matter be made the subject of special attention between the negotiators of our two governments.

The Government of the United States is of the opinion that the proposals contained herein should provide a basis for a prompt and reasonable over-all settlement of the Soviet wartime lend-lease account. Accordingly, it is proposed that the negotiators of our two governments meet at an early date for the purpose of resolving remaining

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<sup>3</sup> Regarding the first loan of one billion dollars arranged between President Roosevelt and Iosif Vissarionovich Stalin, Chairman of the Council of People's Commissars, in 1941, see *Foreign Relations*, 1941, vol. I, pp. 851-852, 855, 857, and also 654-655. For the second loan of one billion dollars in 1942, see *ibid.*, 1942, vol. III, pp. 690-694. Further, see the exchange of notes between Secretary of State Cordell Hull and the Ambassador of the Soviet Union Maxim Maximovich Litvinov on June 11, 1942, at the time of signing the Lend-Lease Agreement, whereby these two prior arrangements were considered as being replaced and rendered inoperative, together with a statement by the Department of State issued to the press on June 12, 1942; Department of State *Bulletin*, June 13, 1942, pp. 531-535.

issues and for the purpose of agreeing upon a complete and final settlement.

Accept [etc.]

For the Secretary of State:  
JAMES E. WEBB

711.61/8-849 : Telegram

*The Secretary of State to the Embassy in the Soviet Union*

TOP SECRET

WASHINGTON, August 8, 1949—5 p. m.

567. Lend-lease (Deptel 544, Aug. 1<sup>1</sup>) being a matter strictly between our two govts might well be raised specifically by you. In this connection you may state that prompt resolution of lend-lease issues wld definitely contribute to more friendly relations between our two govts, particularly in view of widespread interest of US public in this subj.

With respect to return of Naval craft you may state it is hope of US Govt that recent appt of Sov experts to arrange details of return of the three icebreakers and 28 frigates is an indication that prompt action will now be taken with respect to all the Naval craft specified by US for return under Art V of Agreement of June 11, 1942. You might add that this particular aspect of lend-lease matters is considered by US Govt as particularly urgent in that Sov commitments with respect to return of lend-lease articles are clearly and unequivocally stated in Art V of the agreement between our two govts concluded on June 11, 1942 and many months (three years in the case of the icebreakers) have passed without necessary actions being taken.

Stalin may be told that obligations of Sov Govt to compensate US firms for use of their patented processes supplied under lend-lease are clearly and specifically set forth in Art IV of Agreement of June 11, 1942. You may state that agreements between Sov Govt and patent holders have been long delayed and there have been no indications that Sov Govt is taking necessary action to conclude this matter. You may state also that Sov Govt was informed of detailed requirements in this respect before processes were delivered to Sov Govt during war and US Govt cannot understand why necessary action has not yet been taken.

As to the over-all settlement, you may point out that principles upon which US proposals are based are those used in settlement agreements already concluded with the other major lend-lease recipients. You may state that amt of over-all settlement proposed by US in note recently transmitted to SovAmb Panyushkin in Washington, i.e. one

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<sup>1</sup> *Ante*, p. 635. This telegram advised Ambassador Kirk that instructions would be coming to him for guidance in connection with the prospective interview he might have with Generalissimo Iosif Vissarionovich Stalin, Chairman of the Council of Ministers of the Soviet Union. The interview did take place on the night of August 15. For documentation on this event, see pp. 634-654, *passim*.

billion dols, is considered fair and reasonable valuation of remaining "civilian-type" articles having peacetime utility to Sov Union. US, in keeping with spirit of agreement of June 11, 1942 asks no payment for lend-lease assistance expended in war effort and moreover asks no payment for remaining combat-type articles to be retained by Sov Union in the settlement.

At this point you may choose to add that under arrangements between himself and President Roosevelt in Oct-Nov 1941 Stalin agreed to pay one billion dols without interest within fifteen years after end of war, this amt representing full cost of total aid then contemplated.<sup>2</sup> It shld be mentioned in this connection that although this agreement was superseded by agreement of June 11, 1942 it has significance as an indication of the reasonableness of present US settlement proposal, since it wld have required full payment for all lend-lease assistance furnished thereunder, while in the present circumstances US is asking payment in an amt equal to less than one-tenth of value of total aid provided.

In leaving this subj you may state it is urgent hope of US Govt that the recent proposals made by the US may serve as basis for prompt and mutually satisfactory over-all settlement.

(Texts of our recent notes to Amb Panyushkin on subj of patents and over-all settlement are being forwarded by separate cable.<sup>3</sup>)

ACHESON

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<sup>2</sup> See footnote 3, p. 720.

<sup>3</sup> The two preceding notes of August 8, 1949, from the Secretary of State to Ambassador Panyushkin were sent to the Embassy in Moscow in telegram 568 at 5 p. m., on this same day.

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861.24/8-1049

*Memorandum by the Country Specialist in the Division of Eastern European Affairs (Truesdell) to the Associate Chief of the Division of Eastern European Affairs (Hooker)*<sup>1</sup>

SECRET

[WASHINGTON,] August 10, 1949.

In opening the meeting with the Soviet experts this afternoon you may wish to refer to the Soviet Ambassador's note of July 22, 1949 (copy attached)<sup>2</sup> advising this Government of the appointment of Rear Admiral Piterski and Captain Second Class Vanyukin "as experts to discuss with experts of the United States of America the dates and procedure for the return of 3 icebreakers and 28 frigates received by the Soviet Union under lend-lease". You might then state that

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<sup>1</sup> Mr. Hooker was to serve as the Chairman of the United States working group in the discussions on the return of the naval vessels.

<sup>2</sup> Not attached to file copy, but printed on p. 712.



for purpose of discussion the U.S. side has prepared a proposed agreement on dates and procedures which it is hoped will be acceptable to the Soviet side—copies of the proposed agreement will be available for distribution at the meeting.

Should the Soviet representatives at the outset state their desire to include discussion of the purchase of other Naval craft or modification of the list of 186 other craft which we have demanded be returned, it is suggested that you recommend that discussions be directed first to the frigates and icebreakers since the Ambassador's notes of July 22 and June 26 stated specifically that the Soviet experts would be appointed to discuss these vessels, and since there is no question as to the necessity for the immediate return of all vessels of these types. You might state that the U.S. requests for the return of these vessels have been outstanding for the longest periods and therefore it appears well to dispose of this matter at the outset.

Should the Soviets state that the return of other craft must be coordinated with the return of the icebreakers and frigates for operational reasons, we might then agree to discussion also of the 186 craft listed for return in our note of October 7, 1948.

Should the Soviets continue to persist in widening the discussions to include modification of the list of 186 other vessels listed for return, there would appear to be no alternative but to request Soviet proposals in this respect and state that the matter must be referred to Mr. Webb and Mr. Thorp. In this connection, the Soviets might be asked to provide the information as to the status of the remaining vessels as promised in the Soviet note of December 9, 1948. This information consists of a statement of the general condition by hull number of each vessel capable of being returned to the United States. Certified reports of the destruction of vessels not capable of being returned was also promised.

Should the Soviet representatives agree to discuss the icebreakers and frigates separately without reference to the other vessels and should the detailed arrangements for the return of these craft be agreed upon it will then be possible to suggest that discussions be held with respect to return of the balance of the vessels requested in our note of October 7, 1948. In this connection the Ambassador's note of December 9, 1948 stated that "the Soviet Government would deem it expedient that Soviet and American experts discuss both the terms of sale to the Soviet Union of a certain number of these vessels (naval craft other than frigates and icebreakers), as well as the procedure and dates for the return to the United States of the balance of these vessels". Should the Soviets agree to discuss the procedure for return of the 186 vessels the same procedure may be used as was used in connection with the icebreakers and frigates.

861.24/8-1049

*United States Side Minutes of Meeting of Combined Working Group  
on Naval Craft*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] August 10, 1949.

## PRESENT

## U.S.

Mr. R. G. Hooker, Jr.  
Capt. W. O. Floyd, USN  
Lt. Comdr. J. C. Davis, USN  
Mr. C. C. Matlock  
Mr. M. H. Cardozo  
Mr. G. E. Truesdell

## USSR

Adm. N. A. Piterski, Sov. Navy  
Capt. 2nd Cl. M. I. Vanyukin, Sov.  
Navy  
Mr. V. I. Bazykin, Sov. Emb.  
Mr. Y. V. Novikov,<sup>2</sup> Sov. Emb.  
(Interpreter)

Mr. Hooker opened the meeting by referring to the various communications between the two Governments on the subject of the return of Naval craft, particularly the note from the Soviet Ambassador of July 22, 1949 wherein he advised the U.S. of the appointment of Adm. Piterski and Capt. Vanyukin as the Soviet experts to discuss the details of return of the frigates and icebreakers. He stated that the U.S. had prepared a proposed agreement on dates and procedures for return of Naval craft as a basis for discussion. Copies of this document (D-119 A-1)<sup>3</sup> were distributed to the Soviet members. Adm. Piterski stated that he would require time to study the document before giving an opinion. Mr. Hooker then reviewed the main points of the U.S. proposal item by item and asked if the Soviet side wished to ask any questions. Adm. Piterski reiterated his desire to study the document in detail before giving an opinion. Mr. Hooker explained that the blank space under Item 2 would be filled in giving the name of the vessel, the approximate date of return, and the port of return, i.e. San Francisco on the West Coast or Norfolk on the Atlantic.

Adm. Piterski then stated that the Soviet side wished to reserve its position as to the ports of return as Norfolk and San Francisco might not be convenient but would comment further after review of the proposed agreement. Mr. Hooker pointed out that Article V of the Master Agreement provided for the return of Lend-Lease articles to the United States. Admiral Piterski requested that the return of the frigates be accomplished at ports in Northern Japan, Hokkaido and the icebreakers in the Western zone of Germany. Mr. Hooker replied that the U.S. must take the position that the vessels be returned to the U.S. in accordance with the Master Agreement and the precedents established in the return of Naval craft by other Lend-Lease recipients. Adm. Piterski stated that the Soviet position was as he had

<sup>1</sup> This meeting was held in the Department of State, beginning at 4 p. m.

<sup>2</sup> Yury Vasilyevich Novikov was an Attaché in the Embassy of the Soviet Union at Washington.

<sup>3</sup> Not printed.

stated. Mr. Hooker then explained in detail the U.S. position, again referring to the language of Article V and the precedents established by other governments. He said that the U.S. did not feel it should bear the expense of sending crews to Japan for this purpose. Adm. Piterski replied by requesting that the Soviet proposal be considered by the U.S. Government. Mr. Hooker then argued the U.S. position relating the garden hose story and stating that it was usual for the neighbor whose house was on fire to return the hose which he had borrowed to the lender. Mr. Bazykin countered by stating that the Soviet war effort was in itself good reason for the Soviet position. Mr. Hooker agreed to report the Soviet position to his Government.

Mr. Hooker advised the Soviet delegation that he would communicate shortly with Admiral Piterski as to the next meeting. He also requested that the United States position be reported to the Soviet Government and that the views of the Soviet Government as to the United States position be reported to the United States at the next meeting. Admiral Piterski assented.<sup>4</sup>

Before adjournment, Adm. Piterski mentioned that the U.S. frigates had no names but were designated only by hull numbers. It was agreed that the headings in Item 2 of the proposed agreement should be altered to read "Hull Numbers" rather than "Name of Vessel".

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<sup>4</sup> This paragraph is printed from the wording on an attached correction page.

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711.61/8-1649 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

TOP SECRET

Moscow, August 16, 1949—1 p. m.

2057. Mytel 2056, August 16.<sup>1</sup> I raised matter lend lease along lines Deptel 567 August 8 emphasizing recent offer settlement for one billion dollars represents less than one tenth value lend lease supplies furnished and that compensation US firms for use patents subject clear and specific agreement. Noted initiation negotiations Washington for return of naval craft.

Though prefacing his response by general caveat that he was not prepared for questions Stalin asserted that the Soviet Government has no intention of failing to fulfill its obligations whether in regard to lend lease patents or otherwise providing the other parties similarly keep their agreements. He claimed that failure to implement agreements is not according to Soviet custom and added that if I had specific instructions on these subjects I might talk to his Minister Foreign Affairs.<sup>2</sup>

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<sup>1</sup> *Ante*, p. 646.

<sup>2</sup> Andrey Yanuaryevich Vyshinsky became Minister for Foreign Affairs of the Soviet Union after March 4, 1949.



I said that his statement of his government's attitude towards its obligations would be reassuring to the American people, who will be pleased that the Soviet Government will now implement the Stalin-Roosevelt understanding concerning lend lease payments; and without referring directly to his suggestion that I talk to Vyshinski reiterated that negotiations are in progress between the Department and the Soviet Ambassador in Washington.

Stalin continued that in postwar negotiations certain "norms" had been arrived at for the settlement of matters at issue with various governments notably the British and that while determined to keep its word the Soviet Government would not be discriminated against. I responded that it is my understanding that the US Government has no intention of demanding more from the Soviet Government than from others and I cited in this connection Belgium's lend lease settlement<sup>3</sup> which amounted to 18 percent as compared to the 10 percent contemplated in regard to the Soviet Union. In response to his further inquiry concerning the case of the British, I said I was not informed of the figures in this instance. After interposing allegation that the delay in response to correspondence from the Soviet Government on lend lease had created the impression that the US was not interested in an early settlement and mentioning that the Soviet Government may have counter claims which will have to be considered Stalin said that if the negotiations in Washington should go wrong he is prepared to intervene. I closed this phase by saying that between friends financial questions long unresolved had deleterious effects but that of course in this case a great country like Soviet Union would settle this kind financial problem with another big nation in a big way. Stalin assented with some emphasis. (We would like to know here what effect if any this Stalin attitude actually does produce in your current talks this topic.<sup>4</sup>)

KIRK

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<sup>3</sup> Signed at Washington on September 24, 1946. For text, see Department of State, Treaties and Other International Acts Series (TIAS) 2064, or 62 Stat. (pt. 3) 3984.

<sup>4</sup> See footnote 5, p. 653.

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861.24/8-1849

*The Under Secretary of State (Webb) to the Secretary of the Navy  
(Matthews)*

SECRET

WASHINGTON, August 18, 1949.

MY DEAR MR. SECRETARY: As you know, the first meeting of the experts who have been appointed by the United States and Soviet Governments to arrange the details of the return to the United States

of three icebreakers and twenty-eight frigates transferred to the Soviet Union under the terms of the Lend-Lease Act, was held on Wednesday, August 10. A copy of the minutes of this meeting is enclosed.<sup>1</sup>

It is now necessary that this Government determine its position with respect to Soviet insistence that the icebreakers be returned to a port in west Germany and the frigates to a port in Hokkaido, Japan, rather than to Norfolk and to San Francisco as requested by this Government. It is felt by the Department that the following considerations should be held in mind in determining the position of this Government. The United States has been endeavoring to secure the return of the icebreakers for over three years. The first request was contained in a note to the Soviet Embassy dated July 26, 1946. The first formal request for the return of the frigates was in a note to the Soviet Embassy dated January 23, 1948, after an oral statement that their return was required under United States law made to the Soviet representatives on June 25, 1947,<sup>2</sup> during the course of the settlement negotiations, and confirmed by an "Outline of Main Points of Settlement Proposed by the US Side" of the same date. As you know, these requests are based upon Article V of the Master Agreement which provides that the Soviet Government will return to the United States "such defense articles . . . as shall be determined by the President to be useful in the defense of the United States of America or the Western Hemisphere or to be otherwise of use to the United States of America." Thus the urgency of the considerations under which this Government has demanded the return of these vessels has been made a matter of record in the most explicit terms, which have been repeatedly communicated to the Soviet Government.

While Article V of the Master Agreement does not state whether the deliveries of articles under its terms shall take place within the continental limits of the United States of America, it has nevertheless been construed by this Government, at its option, to have that meaning and, as you are aware, naval vessels, the return of which has been required of other recipients of lend-lease aid, and which have been needed by this Government for its own use, have in fact been delivered at ports of the continental United States. On the other hand the only vessels which have as yet been returned by the Soviet Government have been several tankers, not naval vessels, the return of which to ports outside of the continental United States was agreed to by this Government. It is felt that this precedent has necessarily carried weight with the Soviet Government in determining its position with

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<sup>1</sup> For the minutes under reference, see p. 724.

<sup>2</sup> Not printed.



respect to the vessels now in question and that it would make an adamant insistence by this Government on its present position appear unreasonable. In this connection your attention is invited to the fact that in its note of January 11, 1949, this Government stated its willingness to take delivery of the vessels either at Norfolk for vessels returned via the Atlantic or at San Francisco for vessels returned via the Pacific. In the Soviet Government's answering note, received on June 26, 1949, however, no mention was made of the place of return of the vessels.

In the view of the Department of State the interests of this Government will be best served by approximately the following procedure. It is suggested that Soviet representatives be invited at the earliest possible moment to attend a second meeting and that at that meeting United States representatives should recapitulate the position of this Government with respect to the return of the vessels to ports in the continental United States in forceful terms but that at the conclusion of the meeting the United States representatives should state that in order to expedite action in the matter the United States will accept return of the icebreakers at a designated port in western Germany, in consideration of which it expects that the Soviet Government will reconsider its insistence upon the return of the frigates to a Japanese port. The meeting should then be closed with a US request that the Soviet representatives secure from their Government a reconsideration of its position in respect to the place of the delivery of the frigates.

The Department wishes to make clear, however, that if the Soviet reply to this request is in the negative it is felt that this Government should be prepared to accept delivery of the frigates in Japanese ports. The Department is of the opinion that this Government would be open to severe criticism in this country if it failed to take possession of vessels, the return of which it had repeatedly demanded with the greatest urgency, either because of insistence upon what might be publicly regarded as a technicality as to place of return, or because of an unwillingness to accept the additional costs involved in such delivery. The value of the vessels greatly exceeds the amount of any such additional cost, and it is assumed that the considerations on which the Navy Department has based its requirement for the return of the vessels, as expressed in letters dated May 6, 1946,<sup>3</sup> and May 8, 1947<sup>4</sup> from the Secretary of the Navy to the Secretary of State, outweigh the monetary considerations involved.

You, of course, appreciate the urgency of this matter and I should be happy to have your views at your earliest convenience.

Sincerely yours,

JAMES E. WEBB

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<sup>3</sup> *Foreign Relations*, 1946, vol. VI, p. 837.

<sup>4</sup> *Ibid.*, 1947, vol. IV, p. 685.



861.24/8-3149

*The Acting Secretary of the Navy (Kimball) to the Under Secretary  
of State (Webb)*

SECRET

WASHINGTON, 31 August 1949.

MY DEAR MR. WEBB: Your letter of 18 August 1949 requested my comments regarding the disagreement with respect to ports of delivery in present negotiations for the return of U.S. vessels on loan to Russia. There is operational need by the U.S. Navy for the three icebreakers on lease to Russia. The primary objective in regard to the return of other vessels is to reduce the war potential of a possible adversary. Bearing this in mind, the reasons set forth to your letter favoring a waiver of the U.S. demand for return of the vessels in U.S. continental ports to avoid a stalemate in present negotiations, first in regard to the icebreakers, and second, if necessary, with respect to the frigates, are appreciated.

The expenditure of an estimated \$600,000 or more of U.S. Navy funds, not subject to reimbursement from sale of recovered vessels, to provide for the return of these vessels from ports in Japan and Germany in accession to what is considered an unreasonable Soviet position, would not appear to be justified. The waiver of the requirement to return these vessels to U.S. continental ports would also establish an undesirable precedent in the recovery of other U.S. vessels still on loan to the USSR and other countries. Such a concession would also be inconsistent with our past policy wherein the U.S. has insisted, upon return of leased vessels to continental U.S. ports by the lessee unless the U.S. elected to dispose of them abroad. You will recall it was with extreme reluctance that the British acquiesced to the U.S. position.

The Navy Department agrees, however, that recapture of the vessels concerned, by whatever means, is an overriding consideration and that if accessions to the Russian position with respect to ports of delivery represent unavoidable means to attain our ends we concur in the procedure outlined in paragraphs four of your letter; namely, that at the next meeting the U.S. representatives forcefully recapitulate this Government's position with respect to the return of the vessels to ports in the continental U.S.: but if at the end of the meeting the Soviet position remains unchanged, the U.S. representatives should, in substance, state that in order to expedite action in the matter the U.S. will accept return of the icebreakers at a designated port in Western Germany, in consideration of which it expects the Soviet Government will reconsider its insistence upon the return of the frigates to a Japanese port and acquiesce to the U.S. desire to effect the delivery in San Francisco.

Sincerely yours,

DAN A. KIMBALL

861.24/9-149

*United States Side Minutes of Meeting of Combined Working Group  
on Naval Craft*<sup>1</sup>

[Extracts]

CONFIDENTIAL

## PRESENT

## U.S.

Mr. R. G. Hooker, Jr.  
Capt. Wm. O. Floyd, USN  
Lt. Comdr. J. C. Davis, USN  
Mr. C. C. Matlock  
Mr. M. H. Cardozo  
Mr. D. H. Henry<sup>2</sup>  
Mr. G. E. Truesdell

## USSR

Adm. N. A. Pterski, Sov. Navy  
Capt. 2nd Cl. M. I. Vanyukin, Sov.  
Navy  
Mr. B. K. Sokolov,<sup>3</sup> 1st Sec. Sov.  
Emb. (Interpreter)

Admiral Pterski immediately opened the discussion by stating that the Soviet side had waited a long time since the meeting of August 10, 1949 and noted that the U.S. side had agreed to call the next meeting. He then passed the initiative to the U.S. side. Mr. Hooker noted the proposal presented to the Soviets in the meeting of August 10, that the Soviets had expressed reservation as to the ports of return, i.e. Norfolk and San Francisco and had agreed to refer the U.S. proposals to the Soviet Government for review. He asked if Admiral Pterski was prepared to state the conclusions of the Soviet Government with respect to these proposals. Admiral Pterski responded by stating that agreement of both parties was necessary to the document and suggested a review paragraph by paragraph. Admiral Pterski stated that paragraph 1 was acceptable and no changes were required. He noted however that the Soviet Government was confident that all of the vessels could be returned by November 20 which would be much less than the ninety days specified.

With respect to paragraph 2, the Admiral stated that the wording should be revised to reflect the return of the frigates at Hakodate (a port on the southern extremity of the Japanese Island of Hokkaido) in three groups of nine vessels each in the period from September to November 15. He also stated that the wording of this paragraph should be revised to indicate that the icebreakers be returned at one of the ports in Western Germany, the *North Wind* in October, the *South Wind* and the *West Wind* in November.

Mr. Hooker expressed surprise and disappointment that the Soviet Government continued unwilling to agree to the United States pro-

<sup>1</sup> This meeting was held in the Department of State, beginning at 4 p. m.

<sup>2</sup> David Howe Henry, 2d, member of the Division of Eastern European Affairs.

<sup>3</sup> Boris Konstantinovich Sokolov, first secretary of the Embassy of the Soviet Union at Washington.



posal that the vessels be returned to the United States ports of Norfolk and San Francisco. Admiral Pterski replied quickly that the lend-lease agreement between our two governments contained no provisions for the return of lend-lease articles to the United States proper and expressed his opinion that some middle point would be appropriate for the return. Mr. Hooker stated that the United States position set forth at the last meeting was a clear interpretation of the language of Article V that lend-lease articles should be returned to the United States except that the United States could exercise its clear option to receive the articles abroad. Mr. Hooker pointed out that this Government's note of January 11 in which the United States agreed to discussions by the experts in connection with the return of the icebreakers and frigates, had designated Norfolk and San Francisco as the ports of return. He called attention to the fact that the Soviet replies of June 26 and July 22 to the United States note of January 11 in no way took issue with this proposal and the United States, therefore, had assumed there was no question in this connection. Admiral Pterski replied flatly that on behalf of the Soviet Government he had suggested that the vessels be returned to Japan and West Germany. Mr. Hooker then stated that the Government of the United States considers it strange that the Soviet Government now raises this issue after such a long period and that the United States had considered this point agreed. He said that the U.S. had considered the ports of return as already agreed upon and not as a subject for discussion of the experts which were designated to agree upon the details. Admiral Pterski countered by stating his regret that this question had not been raised previously. Mr. Hooker responded by stating that the United States also regretted this development. Admiral Pterski then asked if the United States insistence upon a return of the vessels to Norfolk and San Francisco should be properly interpreted to mean that the United States did not wish to receive the vessels. Mr. Hooker then asked if the Soviets would bear the expenses of returning the vessels to the United States if they were accepted at ports in Western Germany and Japan. Mr. Hooker stated the possibility that if the Soviets would bear this expense the amount could be set off as a credit to the Soviet Lend-Lease account. Admiral Pterski stated that he had no authority to discuss such a proposal or any other general matter but only could make the proposal that the transfer be accomplished at German and Japanese ports and that the United States should stand the expense of returning them thence to U.S. ports. Mr. Hooker stated that he had understood earlier remarks by the Admiral to mean that a middle point could be agreed upon for the transfer, and that the Soviets would be willing to bear part of the expense of return. Admiral Pterski replied that there must have been a misunderstanding-



ing of his remarks since he had meant to convey the Soviet position that the vessels should be returned to Germany and Japan at the expense of the Soviet Government and that the United States should bear any expenses incurred thereafter. Mr. Hooker asked if this meant that there had been no change whatever in the Soviet attitude since the previous meeting. Admiral Piterski confirmed this fact.

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. . . Mr. Hooker then referred to the discussion as to the ports of return and again stated the surprise and disappointment of the United States side at the Soviet decision not to return the vessels to United States ports. Admiral Piterski stated that the Soviet Government had considered the United States proposals but had no changes to offer with respect to its original position. Mr. Hooker stated that he would report the Soviet position to his government and Admiral Piterski then asked when he could expect an answer from the United States.

Mr. Hooker stated that the United States Government had considered carefully the Soviet position and continues of the firm opinion that the Soviet Government has a clear and definite obligation to return the vessels to United States ports in accordance with Article V of the Master Lend-Lease Agreement, in keeping with precedents established by other Governments in return of lend-lease naval craft, and particularly in view of the Soviet failure from January 11 to the present to give notice to this Government of its intentions in the matter. He stated, however, that, in view of the necessity for finding a solution and solely in the interest of expediting agreement, the U.S. was prepared to accept the icebreakers in Western Germany in consideration of which, the United States would expect the Soviets to return the frigates to San Francisco. He said that the United States offered this solution remaining strongly convinced that the Soviet obligations were to return the vessels to United States ports. He asked Admiral Piterski to report this proposal to his Government emphasizing the concession made by the United States and giving his personal recommendation for its acceptance. Admiral Piterski restated the U.S. proposal for clarification and asked if the United States side would name the port in Western Germany. Mr. Hooker advised that one of the larger ports would be designated but that he could not give a definite answer at this time. He stated his opinion that no disagreement should arise in this connection. In response to the United States proposal Admiral Piterski said "I do not know." and agreed to refer the matter to his government for a reply. He agreed to advise the U.S. as to the next meeting as soon as he has received instructions as to the U.S. proposal.

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861.24/8-3149

*The Deputy Under Secretary of State (Rusk) to the Secretary of the Navy (Matthews)*

SECRET URGENT

WASHINGTON, September 2, 1949.

MY DEAR MR. SECRETARY: Reference is made to the Department of State's letter to you of August 18, 1949 and to Mr. Kimball's reply of August 31, 1949 concerning the position of this Government in the negotiations with Soviet representatives on the return of three icebreakers and twenty-eight frigates of the United States Navy lend-leased to the Soviet Government during the war.

At a meeting with Soviet representatives on September 1 in which representatives of the Department of the Navy participated, the procedure agreed upon in Mr. Kimball's letter of August 31 was followed. The Soviets were advised that in accordance with the provisions of Article V of the Soviet Master Lend-Lease Agreement and in accordance with the precedents established in the return of Naval craft by other Governments, the Soviet Government was clearly obligated to return Naval craft to ports in the United States. In particular it was pointed out that the designation in this Government's note of January 11, 1949 of the ports of Norfolk and San Francisco had not been questioned by the Soviet Government up to the time of the present negotiations, in fact the Soviet Ambassador's replies of June 26 and July 22 to our January note had failed to mention this as an issue, thus indicating Soviet acceptance of the ports designated by the United States. The Soviet representative held adamantly to his original position, which was restated to the effect that the port of Hakodate in Japan for the frigates and a port in the western zone of Germany for the icebreakers were considered by the Soviet Government as middle positions which should be acceptable to the United States. Further insistence on our part on the Soviet obligation to return the vessels to United States ports drew forth the query from the Soviet side as to whether or not the United States position meant that this Government did not desire the return of the vessels.

In view of the unwillingness of the Soviets to alter their position in any manner, especially the implied threat that the vessels would not be returned if the United States insisted upon return to United States ports, the procedure agreed to in Mr. Kimball's letter of August 31 was then followed. The Soviets were told that despite the obligation of the Soviet Government to return all the vessels to the United States, the United States side solely in the interests of expediting an agreement was willing to accept the return of the icebreakers at a designated port in western Germany in return for which it expected the Soviet Government to deliver the frigates at San Francisco. The Soviets stated that they had no instructions in connection with



this proposal but would report the matter to their government and would advise us of a decision at an early date.

Soviet representatives have today requested that a further meeting of the negotiators be held on Tuesday, September 6, 1949. In view of the Soviet request for another meeting within less than twenty-four hours after the Soviet representatives were requested to refer a compromise proposal to their government and having in mind the weakness of the United States bargaining position, it seems most probable that the Soviet position will remain unchanged. The Department of State remains of the opinion, for the reasons stated in Mr. Webb's letter of August 18, that this Government should be prepared to accept delivery of the frigates in Japanese ports. Accordingly, and in order that no risk may be run of jeopardizing the return of the frigates to United States custody, the approval of the Department of the Navy to taking delivery of them in Japanese ports, in the event that the Soviet position remains unchanged, is urgently requested.

Sincerely yours,

DEAN RUSK

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861.24/9-649

*The Acting Secretary of the Navy (Koehler) to the Deputy Under Secretary of State (Rusk)*

SECRET

WASHINGTON, 6 September 1949.

MY DEAR MR. RUSK: I refer to the Department of State's letter of September 2, 1949, concerning the negotiations with the Soviet representatives on the return of three icebreakers and 27 frigates<sup>1</sup> lend-leased to the Soviet Government during the war.

The Department of the Navy regrets that the wording of Article V of the Soviet Master Lend-lease Agreement is such as to permit disagreement with respect to its meaning in that it does not specify return of loaned vessels "to U.S. ports." The Department appreciates that because of this weakness of the agreement and the present location of the craft concerned, the Soviet Government is in such a favorable negotiating position that their moral obligation may not swerve them from their stand.

Therefore, because of the importance of removing U.S. naval vessels from Soviet custody the Department of the Navy agrees that undesirable concessions with respect to ports of delivery must be made and will, if unavoidable, accept delivery of the three icebreakers in a West German port and the 27 frigates in a southern Japanese port, which ports will be specified by the U.S. Navy.

Sincerely yours,

JOHN T. KOEHLER

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<sup>1</sup> In a memorandum of September 30, Admiral Pitsersky explained that one frigate had been lost on the rocks near Petropavlovsk on November 17, 1948, and some others had been damaged.



861.24/9-649

*United States Side Minutes of Meeting of Combined Working Group  
on Naval Craft*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] September 6, 1949.

## PRESENT

## U.S.

Mr. R. G. Hooker, Jr.  
Capt. Wm. O. Floyd, USN  
Lt. Comdr. J. C. Davis, USN  
Mr. C. C. Matlock  
Mr. M. H. Cardozo  
Mr. J. M. McSweeney  
Mr. G. E. Truesdell

## USSR

Adm. N. A. Piterski, Sov. Navy  
Capt. 2nd Cl. M. I. Vanyukin,  
Sov. Navy  
Mr. B. K. Sokolov, 1st Sec. Sov.  
Emb. (Interpreter)

Admiral Piterski opened the meeting immediately by stating that the United States proposal had been considered by his government and that the Soviet Government insists upon the return of the frigates to Hakodate, a northern port in Japan. Mr. Hooker asked if this meant that there had been no change in the previous position of his government. The Admiral replied in the affirmative.

Mr. Hooker stated that the United States side is greatly disappointed in the position taken by the Soviet Government in not meeting its clear and unequivocal obligations to return the vessels in accordance with Article V of the Master Lend-Lease Agreement to United States ports. He said that at a previous meeting the United States side had made a proposal to accept in part the proposal of the Soviet Government and that now the United States was in the position of leaving the vessels in Soviet custody or of making further concessions in order to clear up the matter which has been subjected to long delays over a period of more than three years. He said that in view of the Soviet position the United States has no alternative but to offer to accept the icebreakers in western Germany and the frigates at a port in Japan. He stated that the United States would designate the

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<sup>1</sup> This meeting was held in the Department of State, beginning at 4 p. m. In a preliminary meeting at 3:30 p. m. of the United States Subcommittee on Naval Ships, Captain Floyd presented to the group a copy of the Navy Department's letter of September 6 with its agreement to accept delivery, if unavoidable, of the icebreakers in a West German port and of the frigates in a southern Japanese port to be specified. The port of Hakodate, as proposed by the Soviet Union, was in northern Japan. Then there was "some discussion concerning the injection into the negotiations of the other 186 vessels return of which had been demanded in our note of October 7, 1948. It was agreed that the question of these vessels should be brought up only after complete agreement had been reached with respect to the icebreakers and frigates. If the Soviets should bring up this matter it was agreed that we would first request the information as to the status of each vessel remaining in Soviet custody which the Soviets had agreed to furnish in their note of December 9, 1948."

ports both in western Germany and Japan within a day or two but was not prepared to do so today.<sup>2</sup>

Admiral PETERSKI replied that he was very pleased to hear of the decision of the United States Government and would be prepared at the next meeting to give a timetable of delivery for each vessel. Mr. Hooker stated that the United States side was pleased to hear that such a timetable would be available and hoped that the return might now be accomplished within a very brief period.

Admiral PETERSKI noted that the Soviet side had suggested certain amendments to the draft agreement at the last meeting and asked if a new agreement had been prepared. Mr. Hooker stated that the United States would have a few additional changes but was not prepared to present them at this meeting. He said that the United States side would have a draft within a few days and that the changes offered would not be of substance. Admiral PETERSKI stated that it was desirable that the text be made available at the next meeting in order that translation into Russian might be made. Mr. Hooker stated that he expected to have the document shortly. Admiral PETERSKI said that everything was clear and in reference to Mr. Hooker's question stated that he had nothing further to add to the discussion. The meeting adjourned with agreement that the United States side would get in touch with the Soviet Embassy in the very near future.

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<sup>2</sup> During a conversation held at the Embassy of the Soviet Union on September 7, Admiral PETERSKI was informed "of the desirability from the U.S. standpoint of the port of Yokosuka rather than Hakodate" for the return of the frigates, and that he should obtain the reaction of his government promptly, by September 12 or sooner, if possible, to this choice.

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861.24/9-2649

*Minutes of Meeting of the Subcommittee on Naval Ships*<sup>1</sup>

SECRET

[WASHINGTON,] September 26, 1949.

PRESENT

R. G. Hooker, Chairman S/P  
 Capt. Wm. C. Floyd, Navy Dept.  
 Lt. Comdr. J. C. Davis, Navy Dept.  
 C. C. Matlock, EUR  
 F. T. Murphy, EP  
 M. H. Cardozo, L/E  
 J. M. McSweeney, EE  
 G. E. Truesdell, EE

There was presented for consideration by the group a memorandum from Mr. Truesdell to Mr. Hooker<sup>2</sup> containing suggestions for a 4:00 p. m. meeting with Soviet Naval experts. A copy of this memo-

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<sup>1</sup> This meeting was held in the Department of State, beginning at 3:30 p. m.

<sup>2</sup> Not printed.



random will be found in File No. 3 of the USSR Lend-Lease Settlement files.

The memorandum summarized Moscow telegram 2394 of September 3 [23] <sup>3</sup> which states that the Embassy had been informed by the head of the American Section of the Foreign Office <sup>4</sup> that Panyushkin had been authorized on September 22 to sign the agreement on return of lend-lease icebreakers and frigates as presented by the United States group. Although from the text of this telegram it appeared that Ambassador Panyushkin would sign the agreement it was considered possible that he might delegate his authority to Admiral Pitterski. It was agreed that should Admiral Pitterski sign that Mr. Hooker and Captain Floyd would sign for the United States; if the Ambassador should sign Mr. Thorp had stated that he would be available this afternoon or tomorrow for the purpose.

It was agreed that in view of the information contained in the Moscow telegram that the Soviets would probably not request any substantive modification of the agreement; however, if they should insist upon inclusion in the agreement of a guarantee by the United States not to retransfer the vessels to a third government, it was agreed that Mr. Hooker should under no circumstances make concessions but should attempt to place the Soviets in a defensive position by requesting an explanation of the basis for such a provision. It was suggested that in this connection Mr. Hooker might state that the President had determined these vessels to be of use to the United States as set forth in our note of October 7, 1948, that the Soviet Government had made no request for such a guarantee with respect to the return of the tankers a year ago last March, and that no other countries have insisted upon such a provision in returning lend-lease articles. It was agreed that it might be pointed out that these vessels were "leased" to the Soviet Government and therefore there was no question as to their being United States property and that the United States does not choose to limit itself as to how it handles its own property. It was agreed that Mr. Hooker might also state that such a guarantee would be a modification of article V of the Master Agreement which was a matter of substance and would have to be referred to the appropriate United States authorities. It was also agreed that Mr. Hooker might add at this point that this matter had been discussed by Ambassador Panyushkin with Mr. Webb and Mr. Thorp and it was not an appropriate matter for the Naval experts. Commander Davis objected to the use of the statement made by Mr. Webb in his discussion with the Ambassador that the United States does not in fact intend to dispose of these vessels. It was agreed that this statement should not be used

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<sup>3</sup> Not printed.

<sup>4</sup> Georgy Filippovich Saksin was at this time Acting Chief of the American Division in the Ministry of Foreign Affairs of the Soviet Union.



by Mr. Hooker unless absolutely necessary. The group agreed that at the conclusion of a signing of the agreement on return of the ice-breakers and frigates that Mr. Hooker or as the case may be Mr. Thorp should raise with his opposite number the question of further discussion by the experts of the details of return of other Naval craft citing, if appropriate, the several communications between our two governments which refer to this subject as follows:

Soviet note of December 9, 1948  
 United States note of May 25, 1949  
 Soviet note of June 26, 1949 and  
 United States note of July 26, 1949

861.24/9-2649

*United States Side Minutes of Meeting of Combined Working Group  
 on Naval Craft*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] September 26, 1949.

PRESENT

U.S.

Mr. R. G. Hooker, Jr.  
 Capt. Wm. O. Floyd, USN  
 Lt. Comdr. J. C. Davis, USN  
 Mr. C. C. Matlock  
 Mr. M. H. Cardozo  
 Mr. G. E. Truesdell  
 Mr. J. M. McSweeney

USSR

Adm. N. A. Piterski, Sov. Navy  
 Capt. 2nd Cl. M. I. Vanyukin,  
 Sov. Navy  
 Mr. B. K. Sokolov, 1st Sec,  
 Sov. Emb. (Interpreter)

Admiral Piterski immediately opened the meeting by stating his regrets for the delay on the part of his government since receiving the United States draft of the proposed agreement. He said that the draft as presented by the United States side was fully acceptable and that Ambassador Panyushkin would sign for the USSR. Mr. Hooker stated that Mr. Thorp would sign for the United States.

The Admiral stated that there was one minor alteration which he wished to propose in connection with the deed of delivery and receipt. He wished to add a phrase to the effect that the deed is executed in both English and Russian and both texts are authentic. Mr. Hooker agreed and suggested that a similar phrase be added to the agreement itself. Both sides agreed. Admiral Piterski suggested 11:00 a. m. Tuesday, September 27 for signature of the agreement. After contacting Mr. Thorp it was mutually agreed to sign at 9:15 a. m. September 27.

Admiral Piterski asked for an explanation of the meaning of paragraph 11.<sup>2</sup> Mr. Hooker explained that it was proposed that a repre-

<sup>1</sup> This meeting was held in the Department of State, beginning at 4 p. m.

<sup>2</sup> This paragraph of the agreement read: "A representative of the Senior United States Naval Commander at the appropriate port will call upon the Senior Soviet Officer upon arrival; otherwise all official calls will be considered as having been made and returned."

representative of the appropriate United States Naval Commander would call upon the Commanding Officer of each of the Icebreakers at Bremerhaven and upon the Commanding Officer of each group of Frigates at Yokosuka, so that in all six calls would be made; and that it would not be necessary for the Soviet Officers in question to return the calls unless they so desired. Admiral Piterski appeared satisfied with this explanation.

Captain Floyd requested information concerning radio frequency and call signals of the vessels to be returned. Admiral Piterski promised to provide this information informally as soon as possible. The Admiral asked for suggested courses for the vessels proceeding to Yokosuka. Commander Davis stated the exact course would be provided at the time of radio contact. The Admiral reiterated his desire to have a suggested course. Commander Davis then presented to the Soviet representatives notations concerning communication i.e. frequency, call signals and designation of addresses at Yokosuka and Bremerhaven.

After the meeting Mr. McSweeney and Mr. Sokolov agreed that the Soviet Embassy would prepare the Russian text and that they would meet at 8:45 a. m. September 27, 1949 to compare texts.

861.24/9-2749

*United States Side Minutes of Combined Meeting*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] September 27, 1949.

PRESENT

U.S.

Mr. W. L. Thorp, U.S. Chairman  
Mr. R. G. Hooker, Head U.S.  
Working Group on Naval Craft  
Capt. Wm. O. Floyd, USN  
Lt. Comdr. J. C. Davis, USN  
Mr. C. C. Matlock  
Mr. M. H. Cardozo  
Mr. F. T. Murphy  
Mr. J. M. McSweeney  
Mr. G. E. Truesdell

USSR

The Soviet Ambassador,  
Alexander S. Panyushkin  
Aide to Soviet Ambassador  
Adm. N. A. Piterski, Sov. Navy  
Capt. 2nd Cl. M. I. Vanyukin,  
Sov. Navy  
Mr. B. K. Sokolov, Sov. Emb.  
(Interpreter)

The purpose of this meeting was to sign the "Agreement on Dates and Procedures for Return of Three Icebreakers and Twenty-Seven Frigates of the United States Navy Received by the Union of Soviet Socialist Republics Under the Lend-Lease Act"<sup>2</sup> which had been

<sup>1</sup> This meeting was held in the Department of State, beginning at 9:15 a. m. These are not agreed combined minutes.

<sup>2</sup> For text, see Department of State, Treaties and Other International Acts Series (TIAS) No. 2060, or 63 Stat. 2810.

agreed upon the previous evening by the working group on Naval craft. After initial introductions Mr. Thorp and the Ambassador signed two English texts and two Russian texts of the agreement true copies of which are attached hereto (D-119-A-3).<sup>3</sup> After completion of the signing, Mr. Thorp asked the Soviet Ambassador if the Soviet Naval experts were prepared to discuss the question of the other Naval craft, which subject had been included in recent correspondence between our two Governments. Mr. Thorp mentioned that both sides had contemplated that certain of remaining Naval craft would be returned by the Soviet Union and certain would be sold under surplus property arrangements. The Ambassador stated that he had requested instructions from Moscow concerning these and other lend-lease matters but had not as yet had a reply. He agreed to inform Mr. Thorp when such instructions had been received. He added that he was now occupied at the United Nations General Assembly in New York and thus there might be some delay. Mr. Thorp replied that he felt this was a matter which could be discussed more efficiently by the experts and thus a meeting with the Ambassador would not be necessary.

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After the meeting Mr. Sokolov provided information by telephone to Mr. Truesdell that the frigate which had been lost and would not be returned was that bearing Hull number 35.

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\* Not printed.

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861.24/9-2849

*The Acting Secretary of State to the Secretary of the Navy  
(Matthews)*

SECRET

WASHINGTON, September 28, 1949.

MY DEAR MR. SECRETARY: On September 27, 1949 representatives of the Soviet Government agreed on procedures implementing the return to United States custody of three icebreakers and twenty-seven frigates of the United States Navy which were transferred to the Soviet Government under the Lend-Lease Act. The icebreakers are to be returned to the United States Naval Commander at the port of Bremerhaven, Germany and the frigates at Yokosuka, Japan all before December 1, 1949.

Article V of the Soviet Master-Lend-Lease Agreement of June 11, 1942 which provides for the return to the United States of Lend-Lease articles obligates the Soviets to return such articles as are determined by the President of the United States "to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America". This language has



been construed by the United States Government as clearly permitting disposal of any returned articles in any manner considered useful to the United States, including retransfer to third Governments. In the negotiations for the return of Naval craft, however, the Soviet Government took the position in agreeing to the return of the icebreakers and frigates that it proceeds on the assumption that these vessels are needed by the Government of the United States itself and that this Government does not propose to sell or transfer them and that accordingly no discrimination against the Soviet Union occurs. In reply the Soviet Government was advised of the position of this Government that the return of articles under the terms of Article V is not dependent upon the use of such articles to be made by the Government of the United States. The Soviets, however, maintained their position stating that the United States position does not accord with the provisions of the Master Agreement which provide for the safeguarding of the interests of both parties.

In conversations with the Soviet Ambassador on June 13 and June 20 in which the return of Naval craft was pressed forcefully, the Soviet Ambassador adhered steadfastly to the position stated above and added that the Soviet Government was not indifferent to the use to which returned military articles would be put. In these circumstances, the Ambassador was informed that Article V of the Master Agreement was perfectly clear as to the rights of the United States with respect to the use it made of returned articles. In order that this factor might not be used by the Soviets as an excuse for not returning the vessels, however, the Ambassador was told that the United States did not in fact intend to dispose of these vessels.

The only specific rights of the United States with respect to the return of Lend-Lease Articles transferred to the Soviet Government are those stated in Article V of the Master Agreement which requires the return of articles of use to the United States. In our endeavors to reach an over-all settlement agreement with the Soviet Government on the basis of the provisions of the Master Agreement, we have reserved our rights under Article V to demand the return of all Naval craft, all merchant vessels and such other Lend-Lease articles as the United States may designate if a satisfactory settlement is not concluded promptly.

It is clear that the return of additional Naval craft and progress toward the conclusion of an over-all lend-lease settlement agreement may be prejudiced if the Soviet Government should learn that the vessels which have been returned have subsequently been disposed of by the United States. It is, therefore, requested that the Department of the Navy consult with the Department of State before taking steps toward or making any commitment respecting the disposal, transfer

to or use by a third country of any lend-lease Naval craft returned to the United States by the Soviet Government.

Sincerely yours,

JAMES E. WEBB

861.24/9-3049

*The Chargé of the Soviet Union (Bazykin) to the Secretary of State*

[Translation]

CONFIDENTIAL

WASHINGTON, September 30, 1949.

No. 119

SIR: Confirming receipt of your note of August 8 of this year on the question of the settlement of lend-lease accounts in answer to the note of the Soviet Government of December 9, 1948, I have the honor upon instruction of the Government of the USSR to state the following.

The Government of the USSR, as before, considers desirable the speediest attainment of an agreement with the Government of the USA on the full and final settlement of lend-lease accounts. The Soviet Government was influenced particularly by this when it expressed its readiness to increase the global sum of compensation as stated in the Soviet note of December 9, 1948. This is evidenced also by the agreement of the Soviet Government to meet the proposals of the Government of the USA, not waiting for the attainment of an agreement relative to lend-lease accounts in full, in such questions as the return, accomplished last year, of seven tankers received under lend-lease, the agreement for the return of 28 frigates and 3 icebreakers, the agreement for the increase in the amount of compensation for the merchant vessels and a tug of pre-war construction which are being purchased.

Together with this, the Soviet Government has always considered and continues to consider that final settlement of lend-lease accounts requires that such a settlement correspond fully to the aims and principles of the Soviet-American agreement of June 11, 1942, that proper consideration should also be given to the decisive contribution of the Soviet Union in the fight against the common enemy, and the exceptionally great sacrifices borne by the USSR in the past war. In such a full and final settlement of lend-lease accounts it is understood that the Soviet Union in any case cannot be put in a worse position than any other country in settling lend-lease. Meanwhile, the proposals made in the note of the Government of the USA of August 8 of this year cannot be considered as responding to these elementary conditions.

The Soviet Government cannot consider the new proposal of the Government of the USA relative to the global sum of compensation in the amount of one billion dollars as having any kind of foundation. Such a proposal is in direct contradiction to existing precedents relative to lend-lease settlements of the USA with other countries, in particular with Great Britain.



As is known, under the final settlement of lend-lease accounts, Great Britain was required to pay the United States 472 million dollars for the overall amount of lend-lease supplies, less reverse lend-lease, of 21 billion dollars. Despite the fact that the overall amount of lend-lease supplies to the Soviet Union was approximately half the amount of lend-lease supplies to Great Britain, in the note of the Government of the USA of August 8 of this year an amount of compensation is proposed which is more than twice the above sum of compensation on which agreement was reached between the USA and Great Britain. From this one fact it is evident that the proposal made to the Soviet Union in the reference note of the USA regarding compensation in the amount of one billion dollars in no way corresponds to existing precedents.

The reference made in the note of the Government of the USA to correspondence between the Chairman of the Council of Ministers of the USSR, I. V. Stalin, and the President of the USA, Roosevelt, relative to the question of a loan of one billion dollars, relates to November 1941<sup>1</sup> when there was not yet a Soviet-American agreement on lend-lease and therefore can have no relationship to the question of lend-lease settlement.

As regards the Soviet-American agreement on lend-lease, as is known, this issues from the fundamental interests of both governments in the fight against the common enemy and is based on the principles of mutual interest, it being a generally recognized fact that the Soviet Union bore upon its shoulders the basic burden of the war, having assured general victory of the coalition of the democratic governments, and this cannot fail to be considered in the final lend-lease accounting.

In the note of the Government of the USA of August 8 the question is also raised of the amount of the lend-lease inventories in the USSR after the defeat of our common enemies, in connection with which there are set forth excessively inflated figures of lend-lease articles of a "civilian type" which is the result of an arbitrary division of lend-lease inventories into articles of "military" and "civilian" type. This is already evident from the fact that, according to published information, in the settlement with Great Britain quite different criteria were applied to the articles of "military" and "civilian" type in relation to the division of lend-lease inventories than was done in relation to the USSR. Besides, many articles of the lend-lease supplies, considered in relation to Great Britain as supplies of a "military" type are arbitrarily considered in relation to the USSR as articles of a civilian type. From the facts stated, it is evident that the determination of the amount of compensation, in lend-lease settlements, must

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<sup>1</sup> See footnote 3, p. 720.



be accomplished by such means as would exclude the undesirable cases set forth above which lead to unnecessary complications in the matter at hand.

The note of the Government of the USA of August 8 states that the conditions of credit for the payment of compensation which were proposed to the Soviet Union by the Government of the USA "are in fact the most favorable terms granted to any country in a settlement limited only to lend-lease [questions]"<sup>2</sup> and war accounts. However, from a comparison of the stated conditions of credit with the conditions on which lend-lease accounts with other countries were settled, for example, with Great Britain, it is evident that the conditions of credit proposed to the Soviet Union placed the USSR in a considerably worse position than Great Britain, which cannot be based on any kind of considerations not relating directly to the lend-lease agreement.

For Great Britain these conditions provide for the payment of compensation by fifty annual installments beginning five years after the conclusion of the agreement on the settlement of lend-lease accounts, with the calculation of interest to begin five years after the conclusion of the agreement. To the Soviet Union there is proposed the payment of compensation by thirty annual installments with the beginning of payment from July 1, 1951 and with the calculation of interest for several years prior to the signature of the agreement. In this connection the interest rate actually paid by Great Britain appears significantly lower in comparison with the identical nominal rate of two percent annually, whereas to the USSR, on the contrary, it is significantly higher than the stated nominal rate.

In accordance with these facts the Soviet Government continues to consider that in the determination of a global sum of compensation paid in full and final settlement of lend-lease accounts, and also in the determination of conditions of payment of this sum, it is necessary to eliminate any kind of discrimination in relation to the USSR. For just this reason, the Soviet Government considers that the global sum of two hundred million dollars proposed by it is just and sufficient compensation for the residue of lend-lease goods in the USSR and in its amount corresponds to existing precedents.

The Soviet Government reaffirms also its position in relation to the conditions of payment of compensation set forth in the note of December 9, 1948 and proposes to arrange the payment of the global sum stated above by fifty yearly installments beginning five years after the conclusion of an agreement on the settlement of the lend-lease accounts at two percent annually with the beginning of the calculation of interest five years after the conclusion of the agreement.

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<sup>2</sup> Brackets appear in the source text.

As is evident from your note of August 8 of this year, the Government of the USA accepted the proposal of the Government of the USSR regarding the sale to it of the merchant vessels and tug of pre-war construction for thirteen million dollars with payment of this sum in cash, postponing, however, decision of this question until overall settlement of lend-lease, and reserving its special rights in relation to these vessels and other lend-lease articles until the attainment of such a settlement, which leads to a unilateral expansive interpretation of the Soviet-American agreement of June 11, 1942 and with which the Government of the USSR cannot agree.

In accordance with the separate note of the Government of the USA of August 8 of this year on the question of compensation to American patent holders, the Soviet Government is sending its reply on this question also in a special note.

The Government of the USSR expresses confidence that the considerations set forth in the present note confirm the justness of the proposals of the Soviet Government and expresses agreement that plenipotentiary persons of both governments should begin discussions in the near future having in mind the attainment of final settlement of all lend-lease questions.

Accept [etc.]

V. BAZYKIN

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861.24/9-3049

*The Chargé of the Soviet Union (Bazykin) to the Secretary of State*

[Translation]

No. 120

WASHINGTON, September 30, 1949.

SIR: In acknowledging the receipt of the Department of State's note of August 8 of this year with respect to compensation through the Government of the U.S.S.R. for American firms holding patents, I have the honor to inform you of the following:

The statement in your note of August 8 of this year to the effect that the Soviet Union is taking no action toward the fulfillment of the provisions of Article 4 of the agreement of June 11, 1942, which provide for the payment by the Soviet Union of compensation to patent-holders, is contrary to fact. As is known, the Soviet Purchasing Commission in the U.S.A. carried on negotiations, beginning with 1948, with the interested American firms with respect to the payment of compensation for the use of their patented processes in the U.S.S.R. In the course of these negotiations proposals of the Purchasing Commission as well as of the firms were discussed, as the result of which an agreement was reached with some of the firms regarding the basic conditions for payment of compensation to them for the use of their processes in the U.S.S.R.

If, however, the negotiations of the Purchasing Commission with the firms have not yet resulted in the conclusion of a contract with them, this was by no means through the fault of the Soviet side. For example, the negotiations which were being successfully carried on with the Max Miller firm<sup>1</sup> were curtailed after the firm notified the Purchasing Commission that it had received a letter dated February 2, 1949, from the Department of State of the U.S.A., in which the latter expressed opposition to the coming into effect of the contract between the firm and the Purchasing Commission until a joint agreement was reached for the settlement of lend-lease accounts between the U.S.S.R. and the U.S.A. As a result of the interference by the Department of State of the U.S.A. in the negotiations of the Purchasing Commission with the Max Miller firm, the contract agreed upon in the negotiations could not be signed.

Quite naturally, such interference by the Department of State of the U.S.A. has not facilitated a successful conclusion of negotiations between the Soviet Purchasing Commission and patent-holding American firms.

The Purchasing Commission is once more ready to continue negotiations with all seven firms in question on the conclusion of contracts which would definitively settle the question of accounts for the use by the Soviet Union of patents belonging to American firms. It is furthermore hoped that in the future the aforementioned obstacles to the reaching of an agreement between the Purchasing Commission and the American firms will not arise, and that an agreement satisfactory to both sides will be reached as a result of these negotiations.

Accept [etc.]

V. BAZYKIN

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<sup>1</sup> Max B. Miller and Co., Inc., New York, N.Y.

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861.24/10-1049

*The Secretary of the Navy (Matthews) to the Secretary of State*

SECRET

WASHINGTON, 10 October 1949.

MY DEAR MR. SECRETARY: Now that the representatives of the United States and the Soviet Governments have formalized their agreement with respect to the return to U.S. custody of 27 frigates and 3 icebreakers now on loan to the U.S.S.R., I understand that the negotiations will soon be extended to cover a general settlement of the lend lease problem, including disposition of the additional naval craft now on loan. It is therefore urgent that I should summarize the past position of the Department of the Navy and set forth our new position, which is concurred in by the Secretary of Defense.<sup>1</sup>

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<sup>1</sup> Louis A. Johnson.



The U.S.S.R., as you know, received a total of 585 naval craft under the Master Soviet Lend Lease Agreement. The Department of the Navy, as outlined in its letter of 8 May 1947,<sup>2</sup> suggested recovery of all vessels on loan with a view to subsequent disposal to the U.S.S.R., under the Surplus Property Act of 1944,<sup>3</sup> of 15 AGs, 17 LCTs, 4 YRs, 54 LCM(3)s, 1 ML, 1 plane personnel boat, 2 LCSs, 2 LCVPs and 6 250-ton pontoon barges. The Secretary of the Navy's letter of 11 June 1947,<sup>4</sup> apparently in deference to the suggestion contained in a Department of State letter of 4 June 1947<sup>5</sup> on the subject, modified the earlier Navy position in that the list of vessels to be permanently retained by the United States included only 3 icebreakers, 28 frigates, 15 LCI(L)s, 101 PTs and BPTs, and 70 SCs, PTCs and RPCs. The Department of State in its note of 3 September 1948<sup>6</sup> to the Soviet Government encompassed this new position in that it offered to sell the following 242 vessels to the U.S.S.R.:

28 AMs, 30 YMs, 15 SCs, 66 PTs, 10 LCI(L)s, 17 LCTs, 50 LCMs,  
4 floating repair ships, 15 river tugs, 6 pontoon barges and 1  
motor launch.

The Department of State was further informed by the Secretary of the Navy on 11 October 1948<sup>7</sup> that "if you consider it politically advantageous to dispose of the vessels now under lend lease to Russia, other than the Icebreakers and Frigates, the Navy Department offers no objection to such disposition as you may deem appropriate."

The Navy Department has always held that it was at least a moral obligation on the part of the Soviet Government to return such craft whose repossession was desired by the United States in U.S. ports. The willingness of the Navy Department to accede to Soviet demands regarding the ports of delivery of the frigates and icebreakers, as expressed in my letters of 31 August and 6 September 1949, was motivated to a large extent by the desirability from the naval viewpoint of removing the craft from Soviet custody, by whatever means. This objective is not confined to the icebreakers and frigates alone but applies to all U.S. vessels on loan which represent a contribution to the Soviet war potential.

The Secretary of Defense is presently instituting a survey of possible methods of use or disposal of the entire list of ships, particularly with respect to our Military Assistance Program requirements, utilization by U.S. occupation forces, or as a contribution to the economic recovery of Western-oriented countries even as scrap. The desirability of removing these ships from Soviet custody, coupled with the use to

<sup>2</sup> *Foreign Relations*, 1947, vol. iv, p. 685.

<sup>3</sup> Approved on October 3, 1944; 58 Stat. 765.

<sup>4</sup> *Foreign Relations*, 1947, vol. iv, p. 694.

<sup>5</sup> *Ibid.*, p. 691.

<sup>6</sup> *Ibid.*, 1948, vol. iv, p. 1004.

<sup>7</sup> Not printed.

which they may be put, warrants a withdrawal of the U.S. offer to sell any of the craft to the Soviet Government particularly since that Government failed to act in acceptance of our offer in a reasonable time.

It is therefore the desire of the Department of the Navy, which is concurred in by the Secretary of Defense, that the presently anticipated resumption of the negotiations on U.S.-U.S.S.R. lend lease problems be entered into with the intent of dispossessing the Soviet Government of all operable U.S. naval vessels in their custody and that certification of destruction for non-operable ships be obtained. In effecting repossession, the Department of the Navy desires that every effort be made to obtain delivery in U.S. ports. Should the Soviet Government adhere adamantly to their previously expressed opposition to such delivery, it is requested that their proposals be referred to the Department of the Navy in order that a compromise may be proposed that will hold to a minimum the operational and logistic costs of recovery.

Sincerely yours,

FRANCIS P. MATTHEWS

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861.24/10-1949

*Memorandum of Conversation, by the Under Secretary of State  
(Webb)*

CONFIDENTIAL

[WASHINGTON,] October 19, 1949.

Participants: Mr. Vladimir I. Bazykin, Counselor, Soviet Embassy  
Mr. Webb, Under Secretary  
Mr. Thompson, Deputy Assistant Secretary for European Affairs

Mr. Bazykin stated that during the piloting of icebreakers "North Wind", "West Wind" and "South Wind" through the Arctic regions in the westward direction in order to transfer them to the United States authorities in Bremerhaven, the said icebreakers, because of an exceptionally heavy ice situation, created in October of this year in the Eastern region of the Arctic, have been gripped in solid ice. Because of this reason the transfer of the icebreakers in October-November of 1949 to the United States authorities in the port of Bremerhaven (Germany), as it was provided for by the agreement of September 27, cannot be realized.

He therefore suggested that the agreement be modified to propose for the delivery of the icebreakers in northern Japanese ports at the beginning of December. I said I would have to get in touch with our naval authorities and would let him know.

Mr. Thompson pointed out that our naval authorities had found

the delivery of naval ships to northern Japanese ports impracticable.

Mr. Bazykin said he had no instructions other than to propose delivery to northern Japanese ports.

861.24/10-2549

*The Secretary of the Navy (Matthews) to the Acting Secretary  
of State*

SECRET

WASHINGTON, 25 October 1949.

MY DEAR MR. SECRETARY: Your letter of 28 September requests that the Department of the Navy consult with the Department of State before making any commitment respecting, or taking any steps toward the disposal or transfer to or use by third country of any lend-lease naval craft returned to the United States by the Soviet Government.

While I am fully appreciative of the difficulties involved in the present negotiations for an overall settlement of the U.S.-Soviet lend-lease question, Article V of the Soviet Master-Lend-Lease Agreement of June 11, 1942 does obligate the Soviets to return to the United States such articles as are determined by the President "to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America". This same agreement is lacking of a desirable feature in that it fails to state specifically that defense articles transferred under the agreement and determined to be of use to the United States, will be returned to the continental United States. However, such is implied in the use of the wording "The Government of the Union of Soviet Socialist Republics will return to the United States of America . . .", not the wording "to the Government of the United States of America."

In order to dispossess the Soviet Government of war potential and with a view toward utilizing such ships as may be recaptured in any of the many ways beneficial to the U.S. interests, the United States has agreed to repossess 27 frigates in Yokosuka, Japan, and three icebreakers in Bremerhaven, Germany. It is the Navy's intention to return the icebreakers to the United States, but it is not planned to bring the frigates back from Japan. Investigation is being conducted with the view of disposing of these craft to the Commander in Chief Far East<sup>1</sup> for possible use as fishery patrol craft or even as scrap to bolster the Japanese economy.

Referring to my letter of 10 October on this subject, it is anticipated that additional craft, as they are recovered, will be disposed of, in certain cases, to augment foreign military aid programs, present or anticipated. Final decisions with respect to such disposal cannot be

<sup>1</sup> General of the Army Douglas MacArthur.



reached prior to a thorough inspection into the condition of the craft and will be influenced by the ports of delivery. You will agree that the problem of disposal would be much simpler and less expensive, and delays in disposal more easily effected, if the Navy were not obliged to accept delivery in foreign ports. In accordance with the request contained in your letter of 28 September, the question of disposal of any of the naval craft to a third government will be coordinated with the Department of State. In this connection the Department of the Navy holds to the original position taken by the State Department in its interpretation of the terms of the Soviet Master-Lend-Lease Agreement; i.e., that it is for the United States only to decide what disposition is in the interest of the defense of the United States of America.

Sincerely yours,

FRANCIS P. MATTHEWS

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861.24/10-2849

*Memorandum of Conversation, by the Country Specialist in the  
Division of Eastern European Affairs (Truesdell)*

CONFIDENTIAL

[WASHINGTON,] October 28, 1949.

Participants: Mr. V. I. Bazykin, Chargé d'Affaires Soviet Embassy  
Mr. B. K. Sokolov, First Secretary Soviet Embassy  
Mr. Frederick Reinhardt,<sup>1</sup> EE  
Capt. Wm. O. Floyd, Navy Department  
Mr. G. E. Truesdell, EE

Mr. Bazykin opened the conversation by stating that the Soviet Naval experts had left the United States on October 7 and were now undoubtedly back in Moscow. He stated that he could handle the matter for his government and would transmit the substance of any discussions immediately to Moscow.

Mr. Reinhardt recapitulated Mr. Bazykin's conversation with Mr. Webb of October 19, 1949 wherein Mr. Bazykin had advised of Soviet inability to return the icebreakers to Bremerhaven by December 1 because of unusual ice conditions in the Siberian Arctic and had requested that the agreement of September 27, 1949 be modified to the effect that delivery of the icebreakers be made at a northern Japanese port in early December. Mr. Reinhardt stated that the Department of the Navy had considered the Soviet proposal and had come to the conclusion that it would be practicable to accept delivery of these vessels at a port in the Puget Sound area. He said that the Department of the Navy had reached this conclusion as a result of the observation that a Puget Sound port was closer to the Soviet Arctic than would be

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<sup>1</sup> G. Frederick Reinhardt was officer in charge of U.S.S.R. affairs and Acting Director of the Office of Eastern European Affairs.

a Japanese port. Mr. Reinhardt suggested that Mr. Bazykin report these conclusions to Moscow and that upon receiving the agreement of his government to this proposal an exchange of notes could be arranged to modify the agreement of September 27.

Mr. Bazykin then asked why a port in Northern Japan would not be suitable. Captain Floyd replied that the United States had no facilities in this area. Mr. Bazykin pointed out that Japan was under United States control through the United States Commander of the Allied Occupation forces. He restated the United States counterproposal and agreed to present it to his government. He then asked what reasons the United States had for not accepting delivery in a Northern Japanese port. Captain Floyd pointed out again the lack of facilities and stated that transfer in this area would be similar to transfer upon the high seas. Captain Floyd then asked what objections the Soviet Government had to delivery in Puget Sound. Mr. Bazykin did not answer this question but stated he would report the United States position to his government.

Mr. Reinhardt pointed out that an agreement had been consummated which the Soviets now wished to modify. He pointed out that Puget Sound was nearer to the Arctic, that the United States has facilities to take over the vessels in that area, and that the United States has already gone more than half way in accepting the ports of Bremerhaven and Yokosuka in the existing agreement. Mr. Bazykin stated in rebuttal that the Soviet Government could not be blamed for the weather conditions which prevented return in accordance with the agreement. Captain Floyd then pointed out that another view of this matter would be that the Soviet Government had not made ample allowance for ice conditions in timing the departure of the vessels for Bremerhaven. Mr. Truesdell pointed out that in the wartime lend-lease programs for the Arctic area, the month of October was not considered suitable for Arctic navigation. Mr. Bazykin stated in conclusion that he would report the matter to Moscow and would advise the Department as soon as a reply was received.

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811.33/11-1249

*Memorandum of Conversation, by the Under Secretary of State  
(Webb)*

[WASHINGTON,] November 12, 1949.

Participants: The Under Secretary  
Mr. Vladimir I. Bazykin, Soviet Chargé d'Affaires  
EE—Mr. Reinhardt

The Soviet Chargé d'Affaires came in at his own request and spoke as follows:



"One out of the three icebreakers (the icebreaker 'South Wind') has already come out of the Arctic ice and can be transferred to the American authorities in one of the ports of Japan before December 1, 1949.

As far as the other two icebreakers—'West Wind' and 'North Wind'—are concerned they have not yet succeeded in breaking through the heavy ice of the Arctic, which fact renders impossible the transfer of these two icebreakers in the current year.

However these two icebreakers can be transferred in one of the ports of Northern Japan in May–June of 1950. In case the ice situation in the Arctic permits piloting these two icebreakers before the date stated above, the Government of the USA will be informed regarding a corresponding advancing of the dates of transfer of the icebreakers.

Taking into consideration that on September 27, of this year there was signed an agreement about the transfer of the three icebreakers in the port of Bremerhaven (Germany), the Soviet Government is also ready to transfer the two mentioned or, if the United States Government wishes, all three icebreakers in the port Bremerhaven after piloting them through the Arctic from East to West during the forthcoming Arctic navigation season in 1950."

I told Mr. Bazykin that we would have to discuss his communication with the Naval authorities who were principally concerned in this matter and that he would subsequently hear from us.<sup>1</sup>

JAMES E. WEBB

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<sup>1</sup> On November 29 the Chargé of the Soviet Union was informed that the United States Government was prepared to accept the icebreaker *South Wind* immediately in the Japanese port of Yokosuka. In a conversation with Deputy Under Secretary of State Dean Rusk on December 6, Chargé Bazykin gave the information that the Soviet authorities would be able to return the *South Wind* at the port of Yokosuka not later than December 25.

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861.24/12-1449

*Minutes of Meeting of the Subcommittee on Naval Ships*<sup>1</sup>

SECRET

[WASHINGTON,] December 14, 1949.

PRESENT

Charles W. Yost,<sup>2</sup> EE  
 Capt. Wm. O. Floyd, Navy Dept.  
 Lt. Comdr. J. C. Davis, Navy Dept.  
 M. H. Cardozo, L/E  
 G. E. Truesdell, EE  
 F. T. Murphy, LL

The discussion opened with a few general remarks as to our next move in connection with the remaining Naval vessels held by the Soviet Government. It was pointed out that with the 27 frigates now in our possession, one of the icebreakers due to be returned on Decem-

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<sup>1</sup> This meeting was held in the Department of State, beginning at 11 a. m.

<sup>2</sup> Special Assistant to the Ambassador at Large.



ber 25th, and the others scheduled for return sometime in the Spring of 1950, we should now develop a line of action to be followed on the remaining Naval vessels.

Comdr. Davis pointed out that the Navy was under instruction of the Secretary of Defense to endeavor to bring about the recapture or return of all of the Lend-Lease Naval vessels remaining in Soviet custody. It was understood by those present that this would be a major change in our original plan, already presented to the Soviet Government in a note, which provided for the recapture of approximately 186 of the Naval vessels and the sale to the Soviets of the remaining number approximating 242. Captain Floyd and Comdr. Davis both stated that the Navy Department had no choice but to follow the instructions of the Secretary of Defense.

State representatives were unanimous in questioning the advisability of changing our position and indicated that the matter would require very careful consideration by top level authorities within the Department. It was agreed that the wording of the letter from the Secretary of the Navy to the Secretary of State setting forth the Navy's desire that all the Naval vessels be returned was sufficiently broad to enable us initially to undertake the recapture of only the original 186 vessels. The Navy representatives took the firm position that they could not go along with any proposal that would imply that we might not try to bring about the return of all of the vessels without clearing such a course of action with the Secretary of Defense.

The State representative voiced strong doubt as to the advisability of endeavoring to recapture all of the vessels but it was agreed that a note to the Soviet Government would be prepared reaffirming our request for the return of the 186 vessels and that after such a note was cleared with the Navy Department, the Russian Ambassador would be called in for a discussion of the matter at which time he would be handed the note. This procedure was agreed to by the Navy representatives on the understanding that it would not necessarily preclude demands for the remaining craft.

There was some discussion as to the timing of our next approach to the Soviet Government on the return of the 2 icebreakers scheduled for return next Spring. It was agreed by those present that action should be deferred until next Spring probably sometime in March at which time it is believed the Soviets should be able to forecast rather accurately when the icebreakers can be returned. It was agreed that about that time, we would again discuss the port of return of these icebreakers.

The status of the 27 frigates which we now have in our possession was also discussed and a State representative voiced opposition to any plan which would involve the disposal of these frigates to a foreign country. It was recognized by all of those present that any such move

on our part at this time would simply antagonize the Soviet Government and would undoubtedly jeopardize our dealings with them not only on the remaining Naval vessels but on the entire settlement negotiations. There is a letter on this from the Secretary of the Navy to the Secretary of State but it was agreed that no immediate reply is required and the Navy representative undertook to make no final disposition of the matter without further consultation with the Department of State.

The discussion closed with the understanding that the details of our next approach to the Soviet Government on the return of the 186 vessels would be worked out promptly within the State Department and that another meeting of the Subcommittee would be held to consider the matter before contact is made with the Soviet Government.

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#### COMPULSORY REGISTRATION OF THE AMTORG TRADING CORPORATION UNDER THE FOREIGN AGENTS REGISTRATION ACT OF 1938, AS AMENDED<sup>1</sup>

800.01B11 Registration/1-2649

*Memorandum by the Director of the Office of European Affairs  
(Hickerson) to the Secretary of State*

[WASHINGTON,] April 21, 1949.

#### *Discussion:*

By letter dated January 26, 1949,<sup>2</sup> the Attorney General<sup>3</sup> has requested for the second time the Department's views on the desirability of attempting to compel the Amtorg Trading Corporation<sup>4</sup> to register under the Foreign Agents Registration Act. Amtorg has refused to register voluntarily, claiming exemption under Section 3(d) of the Act as a firm engaged only in bona fide trade on behalf of a foreign principal.

In replying to the previous request of April 1948, the Department in a letter dated May 25, 1948<sup>2</sup> pointed out the protection afforded American firms by dealing with the Soviet Union through Amtorg, a New York State corporation subject to the courts of the United States, and stated its belief that if Amtorg were compelled to register the Soviet Government would dissolve Amtorg and handle its trade

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<sup>1</sup> The Foreign Agents Registration Act was approved June 8, 1938, 52 Stat. 631. It was amended by the Act of August 7, 1939, 53 Stat. 1244, and further amended by the Act approved on April 29, 1942 (effective on June 28), 56 Stat. 248, which transferred its administration from the Department of State to the Department of Justice. See also Executive Order No. 9176 of May 29, 1942, in 7 *Federal Register*, 4127.

<sup>2</sup> Not printed.

<sup>3</sup> Tom C. Clark.

<sup>4</sup> The official purchasing and sales agency in the United States of the Soviet Union, New York, N.Y.



through official channels. The letter gave the Department's opinion that such a development would be detrimental to the best interests of American firms doing business with the Soviet Union but stated that the Department did not wish to oppose prosecution of Amtorg if the Department of Justice was satisfied, on the basis of the evidence, that the courts would rule in favor of the United States.

In May 1948 officials of the Department of Justice informally expressed doubt that the evidence was of such nature that an American court would compel registration. In recent discussion an official of the Department of Justice has stated, also informally, that additional information has been accumulated to build up a case. However, the exact nature of the evidence has not been disclosed to the Department.

It continues to be the opinion in the Department that the existence of Amtorg as a corporation subject to United States courts provides a measure of protection to American firms engaged in American-Soviet trade and that action to compel registration would result in the dissolution of Amtorg, since it is believed Amtorg would probably not submit to the requirements of the Act, particularly the provision that registrants provide frequent detailed reports of their activities in the United States. It is felt however that this factor is not paramount and that the Department should interpose no objection if the Department of Justice is convinced, on the basis of the evidence in its possession, that prosecution of Amtorg is in the over-all interest of the United States.

*Recommendation:*

If you approve, signature of the attached reply <sup>5</sup> is recommended.

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<sup>5</sup> *Infra*.

800.01B11 Registration/1-2649

*The Secretary of State to the Attorney General (Clark)*

CONFIDENTIAL

WASHINGTON, April 21, 1949.

MY DEAR MR. ATTORNEY GENERAL: I refer to my letter of February 28, 1949 <sup>1</sup> informing you that the Department of State was giving consideration to your letter of January 26 <sup>1</sup> in which you again referred to the question whether judicial proceedings should be instituted to compel the registration of the Amtorg Trading Corporation under the Foreign Agents Registration Act, and inquired whether there had been any change in the views with regard thereto presented in the Department's letter of May 25, 1948.<sup>1</sup>

As a result of a review of this matter one consideration appears to

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<sup>1</sup> Not printed.



warrant attention, namely, that should legal action be instituted to compel the Amtorg Trading Corporation to register under the Foreign Agents Registration Act, the Soviet Government, in all probability, would dissolve the Corporation and either would request reinstitution of an official Soviet Government trade mission<sup>2</sup> or would handle its trade in the United States through diplomatic channels. It is the opinion of the Department that the existence of the Amtorg Trading Corporation as a United States corporation subject to jurisdiction of American courts provides a measure of protection to American firms engaged in commerce with the Soviet Government. On the other hand, it is likely that such protection would not exist should trade be directed only through agencies of the Soviet Government or through Soviet diplomatic representatives.

The foregoing consideration need not of course be compelling and, therefore, if the Department of Justice is of the opinion that prosecution of the Amtorg Trading Corporation would be advisable at this time, the Department of State would be glad to consider the recommendations of the Department of Justice based on the evidence in its possession and to reach agreement with the Department of Justice as to the measures that would be in the overall interest of the United States.

Sincerely yours,

DEAN ACHESON

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<sup>2</sup> Regarding the establishment of the Government Purchasing Commission of the Soviet Union in the United States on February 27, 1942, see *Foreign Relations*, 1942, vol. III, p. 696, and footnote 71.

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800.01B11 Registration/8-1549

*The Acting Attorney General (Ford) to the Secretary of State*

TOP SECRET

WASHINGTON, August 15, 1949.

MY DEAR MR. SECRETARY: I refer to your letter of April 21, 1949 regarding the prosecution of Amtorg Trading Corporation for failure to register with the Department of Justice as required by the Foreign Agents Registration Act of 1938, as amended.

In your letter and in recent conversations with representatives of your Department and this Department, it has been pointed out that prosecution of Amtorg Trading Corporation may result in the dissolution of that group by the Soviet Union and the creation in its place of government purchasing commissions within the embassies of the U.S.S.R. and satellite states. I appreciate the fact that this Government may wish to avoid such a development and I am cognizant of the other problems which have been discussed by our Departments in connection with the prosecution of Amtorg.

On the basis of its activities subsequent to the withdrawal of the

exemption provisions of Section 3(f) of the Foreign Agents Registration Act in September 1946, it is clear that Amtorg Trading Corporation is obliged to register with this Department. This fact has been pointed out to Amtorg officials, both by letter and in conferences with representatives of this Department. In the circumstances, it is my opinion that further efforts to contact Amtorg through the Ambassador in Moscow,<sup>1</sup> or otherwise, would not only be futile but unnecessary.

An approach to the Soviet Government through diplomatic channels could accomplish little except to provide advance notification to Amtorg of the imminence of prosecution, and in view of its known activities as a cover agent for Soviet espionage in the United States, I believe you will agree with me that such a course would not be desirable. Accordingly, this Department proposes to initiate appropriate proceedings in the very near future.

Sincerely,

PEYTON FORD

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<sup>1</sup> Vice Adm. Alan G. Kirk was Ambassador of the United States in the Soviet Union.

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800.01B11 Registration/8-1549

*The Secretary of State to the Attorney General (McGrath)*<sup>1</sup>

TOP SECRET

WASHINGTON, August 29, 1949.

MY DEAR MR. ATTORNEY GENERAL: I refer to Mr. Ford's top secret letter of August 15, 1949, in which he states that the Department of Justice proposes to initiate in the very near future proceedings against the Amtorg Trading Corporation for failure to register with the Department of Justice, as required by the Foreign Agents Registration Act of 1938 as Amended. In his letter he states that the Department of Justice has given due consideration to various problems posed by the prosecution of Amtorg Trading Corporation which have been the subject of previous correspondence and conversations between our two Departments.

There is an additional consideration which I must bring to your attention. Amtorg, although an American corporation organized under the laws of the State of New York on May 27, 1924, is in fact owned by the Soviet Government and is staffed in part by officials of that Government, whose official status in this country is attested by the fact that they are bearers of special Soviet passports and are in the United States on official 3(1) visas. The presence of these Soviet officials attached to Amtorg is regularly reported to the Department by the

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<sup>1</sup> J. Howard McGrath succeeded Tom C. Clark as Attorney General on August 24, 1949.



Soviet Embassy, which has recently advised that as of July 1, 1949<sup>2</sup> there were thirty-three Soviet officials with thirteen dependents attached to the Amtorg Corporation. In these circumstances it is inevitable that the Soviet Government will interpret any proceedings against the Amtorg Corporation as being of a political character.

This Department has of course no objection to the proposed prosecution of Amtorg if convincing evidence in the possession of the Department of Justice indicates that Amtorg is not entitled to exemption under Section 3(d) of the Act. I need not point out, however, the undesirable and unfortunate political consequences which would result from the failure of such a suit.

In view of the Soviet ownership of Amtorg, its official Soviet personnel and the interpretation which the Soviet Government is bound to put on any proceedings against the Corporation, I deem it of importance that before legal proceedings are instituted the Soviet Government be formally apprised of Amtorg's failure to respond to the repeated invitations of the Department of Justice that it register in accordance with the Act.

In the last paragraph of your letter you refer to the activities of Amtorg as a cover agent for Soviet espionage. This Department realizes that such activities may be an important reason for the presence in this country of a part of the Soviet personnel attached to Amtorg. It is my understanding, however, that the Department of Justice does not intend to introduce this element into the case unless it becomes essential to the prosecution. This Department is prepared, wherever there is evidence of espionage by Soviet officials attached to Amtorg, to demand their immediate withdrawal by the Soviet Government, following the regular procedure respecting the withdrawal of a foreign official who has become *persona non grata*. Finally, it is my understanding that the Department of Justice proposes to send one final communication to Amtorg requesting the Corporation to register before proceeding to initiate legal action against it, and that the Department of Justice intends, in taking such action, to proceed in the usual manner through indictment prior to the arrest of any individuals in their capacity as officers or directors of the Corporation.

I should be grateful if you would advise me when the Department of Justice transmits its final communication to Amtorg<sup>3</sup> so that, for the reasons set forth above, I may send a parallel communication to

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<sup>2</sup> The list for July 1, 1949 was reported to the Department of State in note No. 103 dated August 17 from the Embassy of the Soviet Union; not printed.

<sup>3</sup> See *infra*.



the Soviet Embassy in Washington along the lines of the enclosed draft.<sup>4</sup>

Sincerely yours,

DEAN ACHESON

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<sup>4</sup> See the note of September 9, 1949, p. 760.

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800.01B11 Registration/9-1249

*The Chief of the Foreign Agents Registration Section of the Department of Justice (Foley) to the Amtorg Trading Corporation*<sup>1</sup>

WASHINGTON, August 29, 1949.

GENTLEMEN: The Department has, by letter and in personal conferences, pointed out to representatives of your company the obligations of the Amtorg Trading Corporation to file with the Department of Justice the registration statement required under the terms of the Foreign Agents Registration Act of 1938, as amended. Since the termination of the exemption procedure set forth in Section 3(f) of the aforementioned Act, the Department has continuously received information showing that the activities of the Amtorg Trading Corporation are of such a character as to require registration under the Act and to make unavailable the exemption under Section 3(d) relating to activities which are private, nonpolitical, financial, mercantile, or other activities in furtherance of the bona fide trade or commerce of a foreign principal.

In this connection, your attention is invited to Rule 303(a) of the Rules promulgated by the Attorney General pursuant to the Foreign Agents Registration Act which states that the exemption provided by Section 3(d) is not available if the subject engages in any political activity, as that term is defined in Rule 100(8).

As you have been advised previously, registration is accomplished by the filing of a registration statement, supported by the appropriate number of exhibits, each in duplicate, and by the filing of supplemental statements at six month intervals for as long as the agency relationship continues to exist. Appropriate forms are enclosed herewith for your use. An Exhibit A should be filed for each director and officer of the corporation and for every employee other than stenographers and clerks. Additional copies of the forms may be had upon request.

In view of Section 2(a) of the Act, and of the long continued agency relationship which has rendered Amtorg Trading Corporation liable

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<sup>1</sup> The copy of this letter was sent by William E. Foley to G. Frederick Reinhardt, Chief of the Division of Eastern European Affairs of the Department of State, in accordance with his request under a covering letter dated September 12, 1949.

to the registration provisions of the Act, immediate compliance is required.

Sincerely yours,

WILLIAM E. FOLEY

800.01B11 Registration/9-749

*The Acting Attorney General (Ford) to the Secretary of State*

TOP SECRET

WASHINGTON, September 6, 1949.

MY DEAR MR. SECRETARY: I have your letter of August 29, 1949 to which you attached a copy of a proposed communication to the Soviet Embassy apprising the Government of the U.S.S.R. of the failure of the Amtorg Trading Corporation to respond to the requests of this Department that it register in accordance with the Foreign Agents Registration Act of 1938, as amended.

In your letter you refer to the proposed communication which this Department was to send to Amtorg reminding it once again of its obligations to register with the Department of Justice. Such a letter was in fact prepared and read to Mr. Adrian Fisher<sup>1</sup> of your staff on August 29. Upon his approval, the letter was immediately transmitted to Amtorg.<sup>2</sup> No reply has been received.

As you know, this Department has not agreed as to the necessity or desirability of sending a note to the Soviet Embassy regarding Amtorg's responsibility under the Foreign Agents Registration Act. Should you, however, feel that diplomatic considerations make it essential that such a note be transmitted, the Department has no objection to the form of note attached to your letter of August 29, 1949, with the exception that the statute cited should be Title 22, U.S. Code, Sections 611-621.

I will appreciate it if you will keep me currently advised of any action you may take in this regard.<sup>3</sup>

Sincerely,

PEYTON FORD

<sup>1</sup> Adrian S. Fisher was the Legal Adviser in the Department of State.

<sup>2</sup> *Supra.*

<sup>3</sup> In a letter of September 9 replying to Mr. Ford, the Assistant Secretary of State for European Affairs, George W. Perkins, advised him that "a note is going forward to the Soviet Embassy today, the text of which is identical with the draft transmitted to your Department" in the letter of August 29, except for the correction in the citation of the U.S. Code contained in Mr. Ford's letter.

800.01B11 Registration/9-949

*The Secretary of State to the Ambassador of the Soviet Union  
(Panyushkin)*

TOP SECRET

The Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics and has the

honor to refer to the United States Statute entitled "The Foreign Agents Registration Act of 1938, as Amended", which may be found in Title 22, U.S. Code, Section 611-621. It has been brought to the attention of the Department of State by the Department of Justice that despite repeated requests addressed by the latter to the Amtorg Trading Corporation, Inc., of New York to register with the Department of Justice, as required by the provisions of the Foreign Agents Registration Act of 1938, the Amtorg Corporation has failed to comply.

In view of the fact that the Amtorg Trading Corporation is owned and controlled by the Soviet Government and staffed in part by Soviet official personnel, the Department of State believes that the Embassy of the Union of Soviet Socialist Republics may wish to bring to the attention of the Amtorg Corporation the importance which this Government attaches to the latter's compliance with the provisions of the above-mentioned Act.

WASHINGTON, September 9, 1949.

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800.01B11 Registration/9-2949

*The Chief of the Foreign Agents Registration Section of the Department of Justice (Foley) to the Chief of the Division of Eastern European Affairs of the Department of State (Reinhardt)*

WASHINGTON, September 29, 1949.

Re: Amtorg Trading Corporation

DEAR MR. REINHARDT: AS you have been advised previously, this Section sent a letter to Amtorg Trading Corporation on August 29, 1949, reminding it again of its obligation to file a registration statement with this Department under the Foreign Agents Registration Act. A copy of this letter has been furnished to you for your files.

By letter dated September 16, 1949, signed by A. Zakharov,<sup>1</sup> President, Amtorg Trading Corporation stated that it wished to reiterate the position which it took in its letter of March 13, 1947<sup>2</sup> to the effect that Amtorg Trading Corporation carries on purely private, non-political, financial and mercantile activities solely in furtherance of bona fide trade and commerce with commercial organizations in the U.S.S.R. In view of this claim, Amtorg again stated that it believes the provisions of Section 3(d) of the Foreign Agents Registration

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<sup>1</sup> Alexey Vasilyevich Zakharov, who had also been Acting Chairman and Chairman of the Government Purchasing Commission of the Soviet Union in the United States, 1948-1949.

<sup>2</sup> Not printed.



Act applied to it and therefore Amtorg Trading Corporation is not subject to registration.

Sincerely yours,

WILLIAM E. FOLEY

800.01B11 Registration/10-1049

*The Acting Attorney General (Ford) to the Secretary of State*

SECRET

WASHINGTON, [undated.<sup>1</sup>]

MY DEAR MR. SECRETARY: As you know, the United States Attorney for the District of Columbia expects very shortly to begin presenting the facts to the present Grand Jury surrounding the failure of the Amtorg Trading Corporation to file a registration statement with this Department as required by the Foreign Agents Registration Act. Section 7 of this Act holds criminally liable the officers and directors of a corporation who fail to cause the corporation to file the required statement. It is likely, therefore, that the Grand Jury may see fit to return indictments against the individual officers of the Amtorg Trading Corporation as well as against the corporation. In such an event, this Department should be made aware in advance of any privileges or immunities possessed by these individual officers which could possibly render them immune to court process. It is my understanding that each of these individuals is in the United States on 3(1) visas.

According to our present information the following are now the officers of the Amtorg Trading Corporation:

A. V. Zakharov	—	Chairman of Board of Directors and President
V. P. Rebrov	—	Vice-President
D. I. Bagrov	—	Vice-President
A. A. Istchenko	—	Secretary
S. A. Shevchenko	—	Treasurer
G. N. Ogloblin	—	Assistant Treasurer

In view of the imminence of Grand Jury proceedings it will be appreciated if your Department can give this matter prompt attention.

Sincerely yours,

PERTON FORD

<sup>1</sup> This undated letter was received on October 10, 1949.

800.01B11 Registration/10-1949

*The Secretary of State to the Attorney General (McGrath)*

TOP SECRET

WASHINGTON, October 19, 1949.

MY DEAR MR. ATTORNEY GENERAL: The receipt is acknowledged of Mr. Ford's recent letter<sup>1</sup> concerning the status of certain officers of

<sup>1</sup> *Supra.*

the Amtorg Trading Corporation. Specifically, Mr. Ford asks that the Department of Justice be advised of any privileges or immunities accorded the individual officers named in his letter which would render them immune to court process.

There is given below information regarding the type of visa issued to the officials of Amtorg about whom inquiry is made.

A. V. Zakharov, Chairman of the Board of Directors, and President

Issued diplomatic 3(1) visa at Moscow on July 2, 1949 as lend-lease expert.

V. P. Rebrov, Vice President

Entered United States on Diplomatic 3(3) visa issued at Bogotá, Colombia, May 5, 1948. Status changed under section 3(1) of the Immigration Act of 1924 to that of an accredited official of the Soviet Government.

D. I. Bagrov, Vice President <sup>2</sup>

American Embassy in Moscow authorized January 2, 1945 to issue official 3(1) visa.

A. A. Istchenko, Secretary

Issued diplomatic 3(1) visa at Moscow on July 2, 1945 as lend-lease expert.

S. A. Shevchenko, Treasurer

American Embassy in Moscow authorized in August 1946 to issue official 3(1) visa.

G. N. Ogloblin, Assistant Treasurer

American Embassy in Moscow issued 3(1) visa on December 21, 1943. Not clear from the record whether official or diplomatic 3(1), but assumed to be official since there is nothing to indicate that he was entitled to a diplomatic visa.

A careful review of the information on file in the Department fails to disclose that the individuals listed in Mr. Ford's letter are entitled to privileges and immunities which would preclude the exercise of judicial jurisdiction over them. The fact that these individuals entered the United States with diplomatic 3(1) or official 3(1) visas, or may be here in 3(1) status, in recognition of their status as officials of a foreign government, does not alter the premise that they are amenable to the jurisdiction of the United States while acting as officers of a domestic corporation, namely, the Amtorg Trading Corporation, since these individuals are not at this time notified to and accepted by this Government as diplomatic personages engaged in the conduct of diplomatic business.

However, I should emphasize that these individuals are officials of the Soviet Government, three of whom possessed sufficient rank to

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<sup>2</sup> A notation by Miss Virginia H. James in the Division of Eastern European Affairs reads: "not included in July 1, 1949 Sov[iet] personnel report under Amtorg or any other organization. PR has no notice of termination of duties."

justify the granting to them of diplomatic 3(1) visas. As your Department is aware, the presence in the United States of these Soviet officials attached to Amtorg is regularly reported to the Department of State by the Soviet Embassy. I am sure you will have in mind the serious concern of this Department that nothing be done which the Soviet Government could seize upon as an excuse to initiate, by way of reprisal, trumped-up criminal proceedings against American officials stationed or traveling in the Soviet Union who, by reason of their position, do not enjoy complete diplomatic immunity.

As you were informed in the Department's letter of August 29, 1949, upon being furnished with reliable information that any Soviet official attached to Amtorg is engaged in espionage, this Department will declare him *persona non grata* and will demand his immediate recall by the Soviet Government.

Sincerely yours,

For the Secretary of State:

JAMES E. WEBB  
*Under Secretary*

800.01B11 Registration/10-2149

*Memorandum by the Deputy Assistant Secretary of State for  
European Affairs (Thompson)<sup>1</sup>*

CONFIDENTIAL

[WASHINGTON,] October 21, 1949.

The Department has just been informed by Justice that the Federal Grand Jury which was considering the Government's case against Amtorg for failure to comply with the Foreign Agents Registration Act of 1938 has returned an indictment against the corporation and its principal officers, all of whom are Soviet officials. In accordance with the usual procedure in cases of this kind, bail of \$15,000 each will be requested for the officials of the corporation. It is anticipated that as soon as news of this action against the Amtorg Corporation reaches the press there will be inquiries directed to the Department from many quarters.

It is recommended that reply to such inquiries be along the following lines:

The Department has been kept informed by the Department of Justice of the latter's efforts to induce the Amtorg Corporation of

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<sup>1</sup> Copies of this memorandum were sent directly to the Secretary of State, Dean G. Acheson; the Under Secretary of State, James E. Webb; the Special Assistant to the Secretary of State for Press Relations, Michael J. McDermott; the Legal Adviser, Adrian S. Fisher; and the Assistant Secretary of State for Economic Affairs, Willard L. Thorp. A summary of the information herein contained was sent to the Embassy in the Soviet Union in telegram 779 on October 21, 1949, 7 p. m. The final sentence stated that the Department was "not informed details Justice evidence." (800.01B11 Registration/10-2149)



New York to comply with the requirements of the Foreign Agents Registration Act of 1938. Some six weeks ago the Department addressed a note to the Soviet Embassy notifying the latter of Amtorg's failure to register in accordance with the requirements of the law.

It is recommended that any inquiries regarding the provisions of the Act and their applicability be referred to the Department of Justice. If any question is raised with respect to the terms of the indictment or the magnitude of the bail set, it is recommended that, in reply, it simply be stated that it is the Department's understanding that the procedure being followed is the same as in other similar cases.

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S00.01B11 Registration/10-2149

*Memorandum of Conversation, by the Under Secretary of State  
(Webb)*

[WASHINGTON,] October 21, 1949.

The Soviet Chargé d'Affaires <sup>1</sup> called to protest the arrest this afternoon of five principal officials of the Amtorg Corporation.<sup>2</sup> I told Mr. Bazykin that the Department was, of course, aware of the efforts of the Justice Department for some time past to induce officials of the Amtorg Corporation to comply with the Foreign Agents Registration Act of 1938 and that the Department had in fact as late as six weeks ago sent a note to the Soviet Embassy in this connection. Mr. Bazykin said that he was aware of the note and of the fact that no reply had yet been made to it, but that he did not understand why the officials should be arrested and asked that the Department intervene with a view to terminating the proceedings.

I explained to Mr. Bazykin that what was involved was the alleged violation of a Federal statute by an American Corporation and its principal officers and that the matter had been submitted to a Grand Jury which had now returned a bill of indictment. This had all happened so quickly that the Department was in fact not yet informed as to the exact terms of the indictment itself, but I had no doubt that it would be possible for the indicted individuals to arrange bail, thus obviating any question of their being incarcerated. I added that it was not clear in just what fashion the Department could intervene in this matter inasmuch as it was a legal proceeding under the laws of the

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<sup>1</sup> Vladimir Ivanovich Bazykin was Counselor of the Embassy of the Soviet Union in the United States; at times Chargé d'Affaires.

<sup>2</sup> Chargé Bazykin had already telephoned to George E. Truesdell, Country Specialist in the Division of Eastern European Affairs, to say that he wished to protest on behalf of his government.

United States but that in any event I would look into it and inform Mr. Bazykin with respect to the details of the matter.<sup>3</sup>

J[AMES] W[EBB]

<sup>3</sup> In telegram 781 of October 22, 1949, 3 p. m., not printed, the Department of State informed the Embassy in Moscow that the Chargé of the Soviet Union had protested orally in general terms against the arrest of the Soviet officials of the Amtorg Trading Corporation. Formal representations had not yet been received, but the Department expressed its deep concern lest the indictment and arrest of the officials might lead Soviet authorities to concoct an incident in reprisal involving the Embassy. All members of the staff were to be instructed to exercise the utmost prudence and care. Persons not included on the Soviet diplomatic list would be especially vulnerable because of the contention of the government of the Soviet Union that they did not enjoy diplomatic immunity, although the United States had never accepted this contention. (800.01B11 Registration/10-2249)

800.01B11 Registration/10-2249 : Telegram

*The Chargé in the Soviet Union (Barbour) to the Secretary of State*

SECRET

Moscow, October 22, 1949—2 p. m.

2647. Appreciate information Deptel 779, October 21.<sup>1</sup> While little further Embassy can do avoid reprisals possibility of which obvious particularly in light imminent trial Gubichev,<sup>2</sup> security measures to minimize possibility Soviets framing pretext arrest US official personnel being redoubled. This connection from Embassy standpoint feel in national interest Department urge Justice expedite trial seek pecuniary penalties rather than jail sentences and make public such intentions preferably at once but latest at outset trial.

Embassy informing two American fur buyers and one tobacco buyer in Moscow whose status most nearly comparable Amtorg officers presumably renders them especially vulnerable.

BARBOUR

<sup>1</sup> Not printed ; but see footnote 1, p. 764.

<sup>2</sup> Valentin Alexeyevich Gubichev, a citizen of the Soviet Union employed at the United Nations, and Judith Coplon, a citizen of the United States employed in the Department of Justice, had been arrested in New York City on March 4, 1949, and were to be tried there on the charge of conspiring to commit espionage. For documentation, see pp. 776 ff.

800.01B11 Registration/10-2349

*The Ambassador of the Soviet Union (Panyushkin) to the Secretary of State*<sup>1</sup>

[Translation]

No. 131

WASHINGTON, October 23, 1949.

SIR: Under instructions of the Government of the Union of Soviet Socialist Republics I have the honor to communicate the following.

<sup>1</sup> An annotation on the Russian original of this note by G. Frederick Reinhardt states that it was "Handed to Mr. McGhee by Sov. Chargé Bazykin at 6:30 p m, October 23, 1949." George C. McGhee was Assistant Secretary of State for Near Eastern, South Asian, and African Affairs.

The Soviet Government has learned that on October 21 of this year the following Soviet citizens were arrested by agents of the Federal Bureau of Investigation: the Chairman of the Government Purchasing Commission of the USSR in the USA and Chairman of Amtorg A. V. Zakharov, the Deputy Chairman of Amtorg V. P. Rebrov, the bookkeeper of Amtorg S. A. Shevchenko, the bookkeeper of the Purchasing Commission and deputy bookkeeper of Amtorg G. N. Ogloblin and the legal counsel of Amtorg A. A. Ishchenko.

The Soviet Government would like to receive from the Government of the USA an explanation of the motivation for these repressive measures on the part of American authorities in regard to the above mentioned persons who have been fulfilling responsible functions in the affairs of the Government Purchasing Commission of the USSR in the USA and with respect to trade between the USSR and the USA.

Accept [etc.]

A. PANYUSHKIN

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800.01B11 Registration/10-2349

*The Under Secretary of State (Webb) to the Chargé of the Soviet Union (Bazykin)*

WASHINGTON, October 27, 1949.

SIR: I refer to the Ambassador's note No. 131 of October 23, 1949 requesting on behalf of the Soviet Government an explanation of the indictment of five Soviet citizens, officials of the Amtorg Trading Corporation, Inc., of New York.

It will be recalled that on September 9, 1949, the Soviet Embassy was notified by the Department of State that the Department of Justice had repeatedly advised the Amtorg Trading Corporation to register with the Department of Justice, as required by the provisions of the Foreign Agents Registration Act of 1938, and the Embassy was informed of the importance which this Government attaches to compliance by the Amtorg Corporation with the provisions of the above-mentioned Act. More than three years had elapsed since Amtorg was first advised to register by the Department of Justice. Despite the repeated official requests, the Corporation had made no effort to comply with the law.

The legal action against the Amtorg Trading Corporation, Inc., and its officers, Messrs. Zakharov, Rebrov, Shevchenko, Ogloblin and Ishchenko, is based on the provisions of American law as set forth clearly in Section 8 of the Foreign Agents Registration Act of 1938 As Amended. Such action cannot be considered in any way repressive.

The legal action taken against the Amtorg Trading Corporation and its officers was not motivated by a desire to hinder or in any way affect normal legitimate trade and commerce between the Union of Soviet Socialist Republics and the United States of America. Requir-



ing the Corporation to register under the applicable law does not deter the Corporation and its officers from carrying on such activities.<sup>1</sup>

Accept [etc.]

JAMES E. WEBB

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<sup>1</sup>This reply was summarized in telegram 795 to the Embassy in the Soviet Union on the same day. The final sentence of the telegram declared: "Amtorg has publicly announced its intention to file required registration forms." (800.01B11 Registration/10-2749)

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800.01B11 Registration/10-3149

*Memorandum by the Chief of the Division of Eastern European Affairs (Reinhardt) to the Deputy Assistant Secretary of State for European Affairs (Thompson)*

RESTRICTED

[WASHINGTON,] October 31, 1949.

In connection with the proposed meeting with the Attorney General, it seems desirable to point out that deportation of all five of the Amtorg officials might be harmful to our efforts to conclude a lend-lease settlement.<sup>1</sup>

Three of the men, Zakharov, Ogloblin and Rebrov, were granted diplomatic visas. Presumably each of them has a diplomatic passport. Zakharov and Ogloblin have been signing correspondence on behalf of the Soviet Purchasing Commission and may therefore be considered to be the last remnants of that organization which is charged with settlement of outstanding lend-lease problems. Zakharov is responsible for the negotiation of settlements with seven U.S. patent holders. We are urging the speedy conclusion of these agreements.

It is recommended that the Department urge the Attorney General to stop the legal proceedings against the five Soviets and that he not deport these three men since such deportation would seem to be more disadvantageous to the United States than to the USSR.

F. REINHARDT

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<sup>1</sup>For documentation on the continued efforts of the United States to negotiate a lend lease settlement agreement with the Soviet Union, see pp. 689 ff.

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800.01B11 Registration/11-149

*The Embassy of the Soviet Union to the Department of State*

[Translation]

No. 132

The Embassy of the Union of Soviet Socialist Republics, upon instruction of the Soviet Government in reply to the note of the State Department of October 27, 1949, states that the Soviet Government has taken note of the explanations contained in this note of the reasons for the repressive measures on the part of American authorities in connection with Soviet citizens, officials of Amtorg, and in particular the

statement of the Department of State that this was not motivated by a desire to hinder or in any way affect normal legitimate trade between the Union of Soviet Socialist Republics and the United States of America.

On its part the Embassy brings to the attention of the Department of State that, taking into account the position of the American authorities on the question of the registration of Amtorg and not considering it expedient to enter into a discussion of the question of correctness of the requirement for registration, the Soviet Embassy, upon instruction of the Government of the USSR, drew the attention of Amtorg to the significance which the Government of the United States attaches to the fulfillment of this requirement.

At the same time the Embassy considers it necessary to draw the attention of the Department of State to the following. The Department of State first addressed the Embassy on the question of the registration of Amtorg in the note received by the Embassy on September 12, 1949.<sup>1</sup> During the time when the question set forth in this note was under consideration by the Soviet Government, repressive measures in relation to the officials of Amtorg were undertaken by the American authorities.

In connection with the facts set forth above the Soviet Government expects that measures will be taken by the Government of the United States for the termination of the legal proceedings in relation to the persons mentioned and for the assurance to the Soviet citizens of the conditions necessary for their conduct of commercial activity in the United States of America.

WASHINGTON, November 1, 1949.

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<sup>1</sup> See the note dated September 9, 1949, p. 760.

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800.01B11 Registration/11-149

*Memorandum of Conversation, by the Under Secretary of State (Webb)*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] November 1, 1949.

The Soviet Chargé handed me the attached note in regard to the Amtorg case.<sup>2</sup> He read me a free translation of the note which requested that in view of Amtorg's willingness to register, the United States Government drop the case brought against the Amtorg officials.

I explained at length that this was a matter which was before a United States Court and that the matter was not simply one for action by the Department of State since certain steps would have to be taken before the case could be closed. If a satisfactory registration was filed,

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<sup>1</sup> Llewellyn E. Thompson also was present during the conversation with the Chargé Vladimir Ivanovich Bazykin.

<sup>2</sup> *Supra*.

the Department fully realized that a new situation would exist. I said I had already been in touch with the Attorney General and that I would inform the Department of Justice of his Government's note. There would still remain the fact that there had been a violation of United States' laws and there would be the problem of how the case now before the Court could be closed. This was a matter which I suggested the Amtorg lawyers should discuss with the Department of Justice. There were various ways in which the matter might be dealt with. If Amtorg were willing to take the necessary steps, I believed that the matter could be handled expeditiously, but I emphasized that under our system of Government, it was not possible for the Administration "to drop" a case which was before the Courts except in some legal manner which the Department of Justice would discuss with the Amtorg lawyers.

With respect to the reference that a short time had elapsed between the delivery of the State Department Note and the action against the Amtorg officials, the Chargé was reminded that the Department of Justice had been demanding the registration of Amtorg over a period of several years.

In the close of the interview, I assured Mr. Bazykin that I would be glad to discuss again this matter with the Department of Justice, but said I felt that it was up to the Amtorg lawyers and the Department of Justice to work the matter out, and I was sure that the Department of Justice would cooperate to the best of its ability in disposing of the case.

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800.01B11 Registration/11-249 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET

Moscow, November 2, 1949—6 p. m.

2748. While Embassy appreciates the inexorability of US justice, indications that prosecution of Amtorg officials will be continued even if corporation registers under Foreign Agents Act (Deptel 796 October 27<sup>1</sup> and Radio Bulletin October 31) are disturbing as such action is firmly believed likely to have consequences politically detrimental to US interests.

Presumably probable Soviet reaction is largely obvious. Embassy would emphasize, however, impossibility that further prosecution could be made to appear to the USSR and Eastern European governments other than deliberately designed to circumscribe commercial activity Amtorg on grounds its Soviet nature and that utilization judicial process this end constitutes perverse method accomplishing political purpose which US Government declines seek openly. Further, although Embassy favors any and all measures impress Soviets firm-

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<sup>1</sup> Not printed.



ness US determination counter Soviet subversive activity, Soviets have accomplished registration and thus belatedly complied with objective of law, failure drop indictment seems contrary to our understanding two-fold nature US Policy toward USSR, in which firm resistance Soviet aggressive activity is envisaged as accompanied by avoidance non-essential provocations tending present US as irrevocably closing door to Soviets and needlessly hardening conflict between two countries. It is submitted that benefits continuance prosecution not worth risking even possibility derogating from this important second facet US-Soviet policy.<sup>2</sup>

In circumstances, Embassy feels matter should, if necessary, be referred President for decision with strong Department recommendation against further prosecution on policy grounds.

KIRK

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<sup>2</sup> The Department of State sent an answer to the Embassy in the Soviet Union in telegram 820 on November 4, 1949, 2 p. m. (the file copy of the telegram is misnumbered 520). A circumstantial summary of the communication received from Chargé Bazykin as note No. 132 on November 1 was included. It then informed the Embassy that Under Secretary Webb had again discussed the Amtorg case with the Attorney General before Bazykin had called. "It is now our understanding Justice agreeable attempt settle matter without prolonged proceedings or confinement of individuals if Amtorg carries out expressed intention of not fighting case but Amtorg will probably be obliged meet financial penalties. Amtorg has obtained services of reputable non-communist law firm for handling of case." (800.01B11 Registration/11-249)

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861.002/11-749

*Memorandum of Conversation, by the Secretary of State*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] November 7, 1949.

Participants: Mr. Vyshinsky, Soviet Foreign Minister  
 Mr. Panyushkin, Soviet Ambassador  
 Mr. Troyanovski, Second Secretary, Soviet Delegation  
 to UN  
 The Secretary  
 Mr. Kennan—C  
 Mr. Thompson—EUR

Mr. Vyshinsky opened the conversation by stating that when he met the President at the UN ceremonies in New York the President in-

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<sup>1</sup> This memorandum of conversation was apparently drafted by Llewellyn E. Thompson. In separate memoranda of October 21, from Mr. Thompson and Lucius D. Battle, Foreign Affairs specialist on the Executive Secretariat of the Department of State, both recommended that Secretary of State Acheson, even if he expected to be away on leave, should see Andrey Yanuaryevich Vyshinsky, the Minister of Foreign Affairs of the Soviet Union, who had requested an appointment to make a courtesy call on November 7. The Secretary agreed to drive in and receive Mr. Vyshinsky, and the appointment was set for November 7 at 3 p. m.

The Embassy in Moscow was informed in telegram 826 on November 7, 6 p. m., that the call had been made, whereat "no matters of substance were discussed other than Vyshinsky's reference" to the Amtorg case, which it was now believed "will be cleared up shortly." (800.01B11 Registration/11-749)

quired about Marshal Stalin's<sup>2</sup> health and had asked him to convey his regards. Mr. Vyshinsky said he had conveyed this message and had been instructed to convey Premier Stalin's greetings and best regards to the President.

I said I would be seeing the President within an hour and would promptly convey the message. I said I had seen the President earlier in the day and had told him I would have the pleasure of receiving Mr. Vyshinsky this afternoon and the President had asked me to convey his greetings to Mr. Vyshinsky.

Mr. Vyshinsky expressed appreciation and asked me to convey also his greetings to the President.

Mr. Vyshinsky said he had one specific item of business he wished to mention, namely, the Amtorg case and referred to the fact that after receiving our note<sup>3</sup> the Soviet Embassy had advised Amtorg officials to register under the Foreign Agents Registration Act. Before this had been done and before the Soviet Government had replied to our note, the officials had been arrested. He understood Mr. Webb had been kind enough to interest himself in the case and had discussed the matter with the Department of Justice. He hoped, however, that I would also do what I could to end the prosecution in this case.

I replied I had been informed of the case and was happy to learn of the decision of Amtorg to comply with the requirement for registration. At my request Mr. Thompson outlined the present status of the case, pointing out that although registration would now comply with the law the fact remained that a violation had occurred and that the matter was in the hands of a court. Certain steps were necessary to clear up the case, and it was understood that Amtorg and the Department of Justice were now discussing this.

Mr. Vyshinsky said that in the Soviet Union their law provided for the possibility of the judge acting informally, and that the Government could inform him that in view of changed circumstances for example, it was no longer interested in having the case considered. He realized it was up to the Attorney General, but thought the State Department could be of assistance.

I explained that we had a somewhat similar procedure in which the defendant could go into court and say that he did not wish to argue merits of the case and that the court could then arrange to settle it.

Mr. Vyshinsky concluded by saying that it was important that the law triumph, but that there be no victims.

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<sup>2</sup> Iosif Vissarionovich Stalin, Chairman of the Council of Ministers of the Soviet Union.

<sup>3</sup> See the note of September 9, 1949, p. 760.

In taking his leave Mr. Vyshinsky apologized for taking up my time saying that he knew that I was particularly pressed for time just now.

I countered I was always glad to see him and we exchanged some polite remarks about the advantages of contact between us.

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800.01B11 Registration/11-749

*Memorandum by the Deputy Assistant Secretary of State for European Affairs (Thompson) to the Under Secretary of State (Webb)*

CONFIDENTIAL

[WASHINGTON,] November 7, 1949.

At the conclusion of Mr. Vyshinsky's visit, the Secretary asked what the Department of Justice planned to do on the Amtorg case. I said that we understood they expected to propose to the Amtorg attorneys that they enter a plea of "nolle contendere"<sup>1</sup> and that the Judge impose a fine. The Secretary felt we should clean up this case promptly, thought that if any fine were imposed it should be a nominal one and that it should be suspended. He felt that otherwise the Soviets might refuse to pay the fine and the case would drag on. He suggested it would be advisable for you to discuss this with the Attorney General.

Mr. Battle informed me just before his departure that the Secretary had himself talked to McGrath who said he would now really get into the case.<sup>2</sup>

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<sup>1</sup> i.e., *nolo contendere*.

<sup>2</sup> This final sentence was added to the memorandum in longhand.

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800.01B11 Registration/11-1949

*Memorandum by the Deputy Assistant Secretary of State for European Affairs (Thompson) to the Under Secretary of State (Webb)*

SECRET

[WASHINGTON,] November 19, 1949.

MR. WEBB: Your attention is drawn to the following considerations with respect to the Amtorg Case and the negotiations for its settlement:

1. A group of our officers who have been studying the case involving the arrest of our Consul General in Mukden are convinced that this action was taken in retaliation for the arrest of the Amtorg officials.<sup>1</sup>

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<sup>1</sup> The arrest of Consul General Angus I. Ward, Vice Consul William N. Stokes, and some other members of the Consulate General at Mukden by Chinese Communists occurred on October 24, 1949. After detention and trial, Mr. Ward and four others were released and returned to the Consulate on November 22. For documentary details of this incident, see *Foreign Relations*, 1949, volume VIII, Chapter I (Mukden Consulate General) in the compilation on problems of United States Consulates in areas occupied by the Chinese Communists.



While we do not of course know whether or not this is true, there are in fact a striking number of parallels, such as the fact that Ward and his colleagues were arrested three days after the arrest of the Amtorg officials. In any event, we have just requested the governments having diplomatic and consular representatives in China, including the Soviet Union, to intervene in the Ward case. A prompt settlement of the Amtorg case would undoubtedly assist us in settling the Mukden incident. As you are aware, this case plays an important role in the implementation of our China policy and its satisfactory settlement would doubtless strengthen our position in China with respect to other American officials or citizens in communist-held territories.

2. While the settlement of the Amtorg case through a plea of *nolle contendere*<sup>2</sup> and a nominal fine would be a reasonable one from an Anglo-Saxon point of view, I do not think we could ever convince the Russians that we had responded satisfactorily to their high-level intervention in this case. This psychological factor is important if we are to obtain full advantage from a settlement of the case in our dealings with the Russians on other cases involving our officials. For example, we are extremely worried about the status of our officials behind the Iron Curtain who do not have full diplomatic immunity. If the Soviet Union or its satellites ever makes stick its ability to convict and sentence any of these people, we will probably for security and humanitarian reasons be obliged to withdraw all of them and cut down our operations behind the Curtain to a skeleton staff consisting of a Chief of Mission and a few officers.

3. It is perhaps significant that both the Ambassador and Vyshinsky in their interventions in this case have stressed the trade aspect and they will probably read into a failure to secure a prompt settlement that is satisfactory from their point of view much more than is justified.

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<sup>2</sup> i.e., *nolo contendere*.

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800.01B11 Registration/11-2149

*The Secretary of State to the Attorney General (McGrath)*

WASHINGTON, November 21, 1949.

MY DEAR MR. ATTORNEY GENERAL: I have been advised that your Department now considers that Amtorg Trading Corporation has

completed all the documentary requirements for registration in accordance with the Foreign Agents Registration Act of 1938, and may therefore be considered as registered in accordance with that Act. This raises the question of what position this Government should take in connection with the indictment of the corporation and six of its officers in the United States District Court.

Under the circumstances, this Department believes that it would be in the interest of the United States that the prosecution of the corporation and its officers be discontinued. This Department is therefore prepared to join with the Department of Justice in a recommendation to the Court that the charges be dropped. This recommendation may be brought to the attention of the Court in such manner and under such circumstances as may seem to you to be appropriate.

Sincerely yours,

DEAN ACHESON

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800.01B11 Registration/11-2349

*Memorandum of Telephone Conversation, by the Chief of the Division  
of Eastern European Affairs (Reinhardt)*

[WASHINGTON,] November 23, 1949.

Mr. Lenvin<sup>1</sup> telephoned to state that the case against the Amtorg Trading Corporation for failure to register under the Foreign Agents Registration Act of 1938 is now closed.

At the hearing this afternoon the indictment against the six individual officers of the corporation was dismissed. The corporation then pleaded *nolo contendere* to the charges against it. The Court, in rendering judgment against the corporation, set a fine of \$10,000, the execution of which, however, was suspended.

I thanked Mr. Lenvin for his courtesy in informing the Department so promptly and expressed the view that the foregoing represented an ideal solution of the problem presented by Amtorg's reluctance to comply with the registration law.<sup>2</sup>

REINHARDT

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<sup>1</sup> Nathan B. Lenvin of the Criminal Division in the Department of Justice.

<sup>2</sup> The information on the closure of the case against the Amtorg Trading Corporation was relayed to the Embassy in the Soviet Union in telegram SG4 on November 23, 7 p. m.; not printed. (800.01B11 Registration/11-2349)

REJECTION OF CLAIM TO DIPLOMATIC IMMUNITY FOR VALENTIN  
ALEXEYEVICH GUBICHEV, ARRESTED AND TRIED FOR ESPIONAGE,  
1949-1950

861.20211 Gubitchev, Valentine/3-549

*Memorandum of Conversation, by the Assistant Secretary of State  
for United Nations Affairs (Rusk)*

SECRET

[WASHINGTON,] March 5, 1949.

Participants: The Soviet Ambassador <sup>1</sup> and Interpreter  
The Under Secretary <sup>2</sup>  
Mr. Rusk—G  
Mr. Kennan <sup>3</sup>—S/P

The Soviet Ambassador called upon the Under Secretary at noon today regarding the arrest in New York of Valentine A. Gubitchev.<sup>4</sup>

The Soviet Ambassador stated that he had heard radio news reports of Mr. Gubitchev's arrest, that the USSR wished to protest this arrest and the detention of Mr. Gubitchev and requested his immediate release. He stated that Gubitchev was a diplomat, had diplomatic immunity and could not be arrested or detained by officials of the U.S.

The Under Secretary asked Mr. Rusk to review briefly the circumstances of the arrest. Mr. Rusk recounted receiving information from our law enforcement authorities during the previous night, spoke of the strenuous efforts made by the Justice Department to locate a judge for immediate arraignment of Gubitchev in order to facilitate setting of bail and release, summarized the steps taken to consult immediately with UN authorities in view of Gubitchev's UN status, and indicated that our most recent information was that Gubitchev's bail had been

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<sup>1</sup> Alexander Semenovitch Panyushkin.

<sup>2</sup> James E. Webb.

<sup>3</sup> George F. Kennan, Director, Policy Planning Staff, Department of State.

<sup>4</sup> Valentin Alexeyevich Gubichev originally came to the United States in July 1946 as a member of the delegation of the Soviet Union to the United Nations. He soon left this assignment to work for the United Nations Secretariat as an architectural engineer on the United Nations headquarters building staff. At 9:36 p. m., on March 4, 1949, Gubichev and Miss Judith Coplon, an employee in the Foreign Agents Registration Section of the Department of Justice, were arrested by Special Agents of the Federal Bureau of Investigation, who properly identified themselves, on Third Avenue between 15th and 16th Streets in New York City. The arrest was made on charges of conspiracy to obtain United States Government information by Gubichev through Miss Coplon.

Details of the public press coverage of the arrest and subsequent trials can be found in the *New York Times Index*, s.v., US—Espionage, Coplon, J. and Gubitchev, V. A., 1949, pp. 1065-1067; and 1950, pp. 1154-1155.



set at \$100,000. Mr. Rusk also informed the Ambassador that UN officials agreed that Gubitchev had no diplomatic immunity and that the acts charged were not covered by such immunity as Gubitchev had as a Secretariat employee.

The Soviet Ambassador went over his earlier position again, stating that Gubitchev entered this country on a diplomatic passport, was a Soviet diplomat, had diplomatic immunity, was covered by existing agreements respecting UN privileges and immunities, that there could be no question of bail since Gubitchev should be released immediately without further detention. He also stated that the matter was not one for consultation between the U.S. and the UN but was one for the Soviet Ambassador to take up since Gubitchev was a Soviet citizen and a Soviet diplomat.

The Under Secretary stated that we accepted the fact that the Soviet Ambassador could properly take up this matter with us, that we had tried to clarify the situation as soon as possible upon being informed of the arrest, and that we were in consultation with UN authorities since the question of Gubitchev's status derived from his employment in the Secretariat and was a UN affair.

Upon further reiteration of the question of status by the Soviet Ambassador, Mr. Rusk asked him whether this status was supposed to derive from Gubitchev's membership in the USSR Delegation to the UN or in the Soviet Embassy in Washington. The Ambassador promptly replied that neither was the case. His argument rested upon the fact that Gubitchev was a Soviet diplomat and had a diplomat passport. When the legal question of status was reviewed in somewhat more detail by Mr. Rusk, the Soviet Ambassador quoted a Russian proverb to the effect that "The law is like a wagon tongue; the wagon travels in the direction in which it is pointed".

The Ambassador repeated his protest and demand for Gubitchev's immediate release.

The Under Secretary informed the Soviet Ambassador that we take note of the Ambassador's views although they were not our own, that we would continue to examine the matter and would consult with the UN Secretariat.<sup>5</sup>

D[EAN] R[USK]

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<sup>5</sup> The Embassy in the Soviet Union was advised of these events in telegram 133 to Moscow on March 5, 5 p. m., not printed.

861.20211 Gubitchev, Valentine/3-849

*The Embassy of the Soviet Union to the Department of State*<sup>1</sup>

[Translation]

## AIDE-MÉMOIRE

On March 4 a Soviet diplomat, an employee of the Secretariat of the United Nations, V. A. Gubitchev, was arrested by American authorities in New York. According to press reports, V. A. Gubitchev is charged with the commission of some crime in which connection his case has been transferred to judicial organs.

As a result of a meeting which representatives of the Embassy and of the Soviet Delegation to the United Nations, Soldatov<sup>2</sup> and Tolokonnikov<sup>3</sup> had on March 5 with V. A. Gubitchev, it appeared that V. A. Gubitchev was seized on a street at nine o'clock in the evening of March 4 by six unknown people and was forcibly taken in an automobile to the premises of the Federal Bureau of Investigation in the city of New York. Here he was immediately subjected to an interrogation which lasted until eleven o'clock of the morning of March 5.

In the course of the investigation such questions were put to V. A. Gubitchev as, for example, where in the USSR he built military structures before the war and during the war; is he a member of the Communist Party; what does he know about concentration camps and "forced labor" in the USSR and does he consider possible a change in foreign policy of the USSR and such like.

The character of these question shows, that the interrogation of V. A. Gubitchev evidently pursued the aim of acquiring information about the Soviet Union of interest to the American authorities.

The actions of the American authorities as evidenced in the arrest of V. A. Gubitchev are illegal and represent an arbitrary act inasmuch as the charges advanced against him are groundless.

The actions of the American authorities are also illegal because the elementary generally recognized norms of international law, which guarantee personal immunity of persons in diplomatic service were

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<sup>1</sup>This document from the Embassy of the Soviet Union was delivered by messenger to the office of the Secretary of State at noon on March 9. In a conversation with Ambassador Panyushkin, who referred to the nature of the questioning of Gubichev, Secretary of State Acheson replied: "I said I was surprised to hear the statement that any such questions had been asked and that I would cause an immediate investigation to be made, I also passed on to the Ambassador Mr. Rusk's statement that our preliminary investigation showed that the Ambassador had been misinformed and that no such questions were asked. I repeated, however, that I would obtain a thorough report." The Ambassador asked that the Secretary would "examine the case objectively," which he promised to do.

<sup>2</sup>Alexander Alexeyevich Soldatov was a counselor, and later senior counselor, of the Permanent Representation of the Soviet Union at the United Nations.

<sup>3</sup>Lev Sergeyevich Tolokonnikov was First Secretary of the Embassy of the Soviet Union and subsequently Chief of the Consular Division.

violated by the arrest of V. A. Gubitchev, who has the diplomatic rank of Third Secretary.

The State Department knows that V. A. Gubitchev entered the United States with a Soviet diplomatic passport on diplomatic visa no. 202 issued by the Embassy of the USA in Moscow on June 24, 1946. Having formally admitted V. A. Gubitchev into the United States on a diplomatic visa, the official organs of the USA thereby recognized his diplomatic status.

In view of the foregoing the Embassy insists on the immediate release of V. A. Gubitchev.

WASHINGTON, March 8, 1949.

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861.20211 Gubitchev, Valentine/3-1149

*The Secretary of State to the Attorney General (Clark)*

CONFIDENTIAL

WASHINGTON, March 11, 1949.

MY DEAR MR. ATTORNEY-GENERAL: In the case involving Valentine Gubitchev, the Department of State has concluded that the individual enjoys no immunity from arrest or judicial process with regard to the acts charged. We are informed that this is also the view of the responsible officers of the United Nations Secretariat. It would seem, therefore, that the Department of Justice has the choice of pressing criminal proceedings against this individual or taking steps with a view to his removal from this country.

After careful consideration of the many factors involved, the Department of State has concluded that, from the point of view of this Department, the interests of the United States would be better served by having the individual deported rather than tried and sentenced.

The principal factor leading to this conclusion is the need to protect United States nationals serving with the United States Embassy in Moscow against possible retaliation. While the United States does not recognize Gubitchev's status as an official of the Soviet Government, that Government has stated it considers Gubitchev one of its officials. It may be expected that if the United States refuses to send him back to Russia, the Soviet Government will create an opportunity to charge with crime and bring to trial one or more employees of the United States Embassy in Moscow. These employees are United States nationals and are entirely vulnerable since the Soviet Government accords diplomatic immunities only to ranking officials of the Embassy.

For these reasons the Department of State would recommend that instead of pressing for trial, your Department prepare to proceed with deportation proceedings. Under the Headquarters Agreement



with the United Nations, such proceedings may be instituted against a member of the United Nations Secretariat if he has abused his privileges of residence in activities outside his official capacity. While actual deportation proceedings cannot be instituted without the approval of the Secretary of State, given only after consultation with the Secretary-General of the United Nations,<sup>1</sup> the Secretary of State is prepared, if the recommendation that Gubitchev be held for deportation is acceptable to you, to proceed immediately to consult with the Secretary-General in this matter.

We should appreciate your views at the earliest opportunity.<sup>2</sup>

Sincerely yours,

DEAN ACHESON

<sup>1</sup> Trygve Lie.

<sup>2</sup> In an undated and unsigned draft memorandum it is written that "On March 16, in discussing with the Secretary the Department of State's recommendation that Gubitchev be deported, the Attorney General stated his view that it would be more difficult to obtain conviction of Miss Coplon if Gubitchev were allowed to go home. . . . The decision of the Attorney General to hold Gubitchev for trial was approved by the President on March 22."

861.20211 Gubitchev, Valentine/3-1949: Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

RESTRICTED URGENT

Moscow, March 19, 1949—5 p. m.

700. Deputy Foreign Minister Gromyko<sup>1</sup> called me<sup>2</sup> in this afternoon re Gubitchev case, especially to protest alleged failure Dept reply to *aide-mémoire* left by Soviet Ambassador Panyushkin "2 weeks ago". He then reiterated Soviet Govt claim arrest arbitrary, illegal in view Gubitchev diplomatic status recognized by issuance American diplomatic visa on diplomatic passport.

I promised immediately inform my government his *démarche* and trusted reply would be promptly forthcoming. Added, however, I desired correct his misunderstanding re Gubitchev's status in US, with particular reference to visa issued, which had also been erroneously referred to in Soviet press as "diplomatic". Then explained carefully special 3(7) visa for UN functionaries, carrying with it only UN and not diplomatic status. This led to long discussion status UN and employees during which Gromyko willfully pretended misunderstand my explanations. Finally appearing get these, he declared Soviet Govt could not accept unilateral US legislation or interpretation status UN functionaries which altered international law and practice hundred years standing. He insisted UN status could not be

<sup>1</sup> Andrey Andreyevich Gromyko was First Deputy Minister for Foreign Affairs of the Soviet Union.

<sup>2</sup> Foy D. Kohler was Counselor of Embassy in the Soviet Union with rank of Minister, at times Chargé d'Affaires.

exclusive but must rather be additional to diplomatic status indicated by diplomatic passport.

KOHLER

861.20211 Gubitchev, Valentine/3-849

*The Department of State to the Embassy of the Soviet Union*<sup>1</sup>

SECRET

AIDE-MÉMOIRE

The Ambassador of the Union of Soviet Socialist Republics left with the Department of State on March 8, 1949 an *aide-mémoire* concerning the arrest in New York on March 4, 1949 of Mr. Valentine A. Gubitchev. The Department of State has the following reply to make to the statements contained in that *aide-mémoire*.

Evidence had come to the attention of the United States authorities indicating that Mr. Gubitchev and Miss Judith Coplon, a United States citizen, were engaging in activity in violation of the laws of the United States. The evidence indicated that Mr. Gubitchev and Miss Coplon were having meetings together in connection with such activity. These two individuals were therefore arrested while meeting together on March 4, 1949 at about 9:30 o'clock in the evening. Additional evidence of violation of the laws of the United States was then discovered, confirming the suspicions of United States Government authorities.

Mr. Gubitchev and Miss Coplon were arrested by agents of the Federal Bureau of Investigation, who clearly identified themselves to Mr. Gubitchev and Miss Coplon. The agents escorted Mr. Gubitchev to the New York office of the Federal Bureau of Investigation in the United States Courthouse on Foley Square.

Upon his arrival at the New York office of the Federal Bureau of Investigation, Mr. Gubitchev was searched, fingerprinted and photographed. There after, at 11:00 p. m., he was advised that it was desired to question him concerning his connection with Judith Coplon and his activities on the night of March 4, 1949. He was told that he was not required to answer any question, that he was entitled to obtain an attorney to represent him, and advised that if he did make any statements, those statements could be used against him in a court of law. Mr. Gubitchev was then questioned until 2:37 a. m., March 5. During this period, a list was prepared in his presence of the personal property in his possession at the time of his arrest. He verified the correctness of this list but refused to affix his signature thereto. The preparation of this list necessarily took up a considerable portion of

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<sup>1</sup>This *aide-mémoire* had been cleared with Mr. Peyton Ford, the Assistant to the Attorney General, and it had been approved by President Truman.

the time between 11:00 p. m. and 2:37 a. m. The interview was further interrupted by recess at 1:30 a. m., at which time Mr. Gubitchev was given refreshment. From 2:37 a. m. on March 5, until 11:00 a. m., March 5, when he was arraigned in Federal Court, Mr. Gubitchev was not questioned. During this time, he appeared twice before Federal Judge Simon Rifkind, at 4:48 a. m. and again at 6:36 a. m. On each of these occasions, because Mr. Gubitchev was not represented by counsel, the arraignment was deferred by Judge Rifkind in order to give Mr. Gubitchev the opportunity to secure counsel.

The questions asked of Mr. Gubitchev related entirely to his personal background, his association with Judith Coplon and his activities on the night of March 4. He refused to answer any questions concerning his activities on the night of March 4, or his association with Miss Coplon. He freely and politely furnished details concerning his personal background. The agents of the Federal Bureau of Investigation asked no questions and Mr. Gubitchev made no statements on the matters referred to in the third paragraph of the Soviet Embassy's *aide-mémoire* dated March 8, "as, for example, where in the USSR he built military structures before the war and during the war; is he a member of the Communist Party; what does he know about concentration camps and 'forced labor' in the USSR, and does he consider possible a change in the foreign policy of the USSR, and such like."

Mr. Gubitchev was indicted on March 10, 1949 in the District Court of the United States for the Southern District of New York, and a copy of the indictment was served on Mr. Gubitchev on that date. The indictment as found by the Grand Jury charged (1) that, in violation of section 371 of Title 18, United States Code, Mr. Gubitchev had conspired with Miss Coplon to violate provisions of the espionage laws of the United States, Sections 793, 794, and 2071 of Title 18, U.S. Code, and to defraud the United States by hindering the lawful functions of the Department of Justice; and (2) that Mr. Gubitchev, in violation of Chapter 37, Title 18 of the United States Code, unlawfully attempted to receive from Miss Coplon certain documents, writings and notes relating to the national defense, Mr. Gubitchev having reason to believe that they had been obtained by Miss Coplon contrary to the provisions of that Chapter. A copy of the indictment is attached to this *aide-mémoire*.<sup>2</sup> Since the Grand Jury, on the basis of evidence submitted to it, found a true bill against Mr. Gubitchev on charges of conspiracy and attempt to commit espionage, it cannot be said that "the charges advanced against him are groundless."

The *aide-mémoire* of the Soviet Embassy dated March 8, 1949 stated: "The actions of the American authorities are also illegal be-

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<sup>2</sup> Not attached to the file copy.



cause the elementary generally recognized norms of international law, which guarantee personal immunity of persons in diplomatic service, were violated by the arrest of V. A. Gubitchev, who has the diplomatic rank of Third Secretary". Mr. Gubitchev came to the United States in 1946 as a member of the Soviet Delegation to the United Nations. He had been granted a diplomatic visa, because at that time he was coming to the United States as Third Secretary in that Delegation. Mr. Gubitchev's visa was valid for a period of one year. After coming to the United States, Mr. Gubitchev did not seek or obtain an extension of his visa. Shortly after his arrival in the United States, Mr. Gubitchev became a member of the Secretariat of the United Nations, where he has been serving as an architectural engineer with the United Nations headquarters construction staff. When Mr. Gubitchev became an official of the United Nations in this manner, he ceased to be a member of the Soviet Delegation and therefore could not be entitled to diplomatic immunities in the United States by virtue of any official relations to the Soviet Government.

It has been suggested that Mr. Gubitchev is entitled to immunity from arrest and prosecution on the ground that he has continued in the capacity of a Soviet diplomatic officer at the same time that he served with the Secretariat of the United Nations. Whatever the diplomatic status of Mr. Gubitchev while he remained with the Soviet Delegation, the United States cannot, under the Charter of the United Nations, recognize such a dual status. Under Article 100 of the Charter, and the oath taken by Mr. Gubitchev pursuant to it, members of the Secretariat are forbidden to receive instructions from any government or from any authority external to the United Nations Organization. They must refrain from any action which might reflect on their position as international officials responsible only to the Organization. Members of the United Nations undertake to respect the exclusively international character of the Secretariat and not to seek to influence the Secretary General and his staff in the discharge of their responsibilities. It is clear, therefore, that Mr. Gubitchev cannot at the same time that he is an official of the United Nations Secretariat enjoy a diplomatic status deriving from official connection with the Soviet Government.

Mr. Gubitchev has been charged with a serious crime against the United States. He is not entitled to immunity from arrest or legal process with respect to the crime in question. He is a full-time official of the United Nations Secretariat. As a member of the Secretariat, he does not have diplomatic immunities, and he enjoys immunity from legal process only in relation to acts performed by him in his official capacity and falling within his functions as an official of the United Nations.

Under the laws of the United States, including international agree-

ments to which the United States is party, this Government is free to bring a person in Mr. Gubitchev's position to trial for violation of the laws of the United States. The Government of the Union of Soviet Socialist Republics may be assured that Mr. Gubitchev will be brought to trial without undue delay, will be accorded a fair and honest trial and will have the benefit of all the safeguards which the Constitution and laws of the United States guarantee to persons charged with crime in the courts of the United States. If Mr. Gubitchev is acquitted he will, of course, be released. In the event that Mr. Gubitchev is found to be guilty of the crimes charged, the Government of the United States will determine whether, in the light of the developments at the trial and all the circumstances, Mr. Gubitchev should serve whatever sentence may be imposed or should be deported from the United States, in accordance with the provision of the Headquarters Agreement between the United States and the United Nations, for abuse of his privileges of residence in this country.

WASHINGTON, March 24, 1949.

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861.20211 Gubitchev, Valentine/3-3049

*The Embassy of the Soviet Union to the Department of State*

[Translation]

No. 31

The Embassy of the Union of Soviet Socialist Republics, referring to the *Aide-Mémoire* of the Department of State of March 24, 1949, concerning the arrest by American authorities of the Soviet diplomat V. A. Gubichev, has the honor, by instruction of the Soviet Government, to state the following:

The Soviet Government continues to insist that the actions of the American authorities with regard to the Soviet diplomat, a member of the Secretariat of the United Nations, V. A. Gubichev, who has the diplomatic rank of Third Secretary, are an indisputable violation of elementary generally recognized norms of international law, which guarantee the personal immunity of persons having diplomatic status.

The arguments adduced by the Department of State in the above-mentioned *Aide-Mémoire* in support of the allegation that V. A. Gubichev has lost his diplomatic status are completely unfounded and are based on data which do not correspond to the facts.

It has been asserted in the above-mentioned *Aide-Mémoire* of the Department of State that "Gubichev came to the United States in 1946 as a member of the Soviet Delegation to the United Nations". This assertion is not in accordance with the facts. It must be known to the Department of State that V. A. Gubichev left for the U.S.A. as a member of the Secretariat of the United Nations with the diplomatic



rank of Third Secretary and with an American visa on his diplomatic passport.

The foregoing is corroborated :

1. By note no. KO-62676 of June 13, 1946 from the Ministry of Foreign Affairs of the U.S.S.R., addressed to the Embassy of the United States at Moscow, in which was requested the issuance of a diplomatic visa and a carte blanche to Valentin Alekseevich Gubichev, Third Secretary, a member of the Secretariat of the United Nations.

2. By V. A. Gubichev's diplomatic passport no. 12032 issued June 10, 1946 by the Ministry of Foreign Affairs of the U.S.S.R., on which it was indicated that V. A. Gubichev is a member of the Secretariat of the United Nations and has the rank of Third Secretary.

3. By diplomatic visa no. 202, affixed to the said diplomatic passport of V. A. Gubichev on June 24, 1946 by the Embassy of the U.S.A. at Moscow.

It is stated in the above-mentioned *Aide-Mémoire* of the Department of State that V. A. Gubichev had been granted a diplomatic visa because at that time he was coming to the United States as Third Secretary of the Soviet Delegation to the United Nations. The above-mentioned documents refute this assertion also, in as much as it can be seen from these documents that V. A. Gubichev was coming to the United States as a member of the Secretariat of the United Nations and in that capacity he received a diplomatic visa for entry into the U.S.A.

The Department of State asserts further in the said *Aide-Mémoire* that "Gubichev's visa was valid for a period of one year. After coming to the United States, Gubichev did not seek or obtain an extension of his visa". However, the diplomatic visa affixed to the diplomatic passport of V. A. Gubichev by the Embassy of the U.S.A. at Moscow does not specify any period of stay in the United States or the necessity of an extension of this visa. Furthermore, none of the other Soviet diplomats in the United States has hitherto been obligated by the American authorities to extend the American visas affixed to their passports. Therefore, the above-mentioned assertion of the Department of State that V. A. Gubichev's visa was valid for one year can only mean that V. A. Gubichev could enter the United States within a year from the date of issuance to him of the visa, which, however, has no bearing on the question raised by the Department of State in the above-mentioned *Aide-Mémoire* concerning the period of validity of the visa in the territory of the U.S.A.

The said position of the Department of State is the more unfounded because it is stated on the stamp which was affixed by the immigration inspector to V. A. Gubichev's diplomatic passport upon his arrival in New York in July 1946 that he "is admitted to New York on July 20, 1946 in accordance with paragraph 7, article 3 of the Immigration Act of 1924 *for the period his status is maintained*". It is evident from



the documents adduced above that V. A. Gubichev's status has not changed.

It should be added that the period of validity of a visa only limits the period of entry into a country but has no bearing on the period of residence in that country. This is also corroborated by corresponding regulations of the U.S.A. For instance, in Supplement Two of Immigration Laws and Regulations published by the Immigration and Naturalization Service of the Department of Justice, page 108, paragraph 60.3, article (a) it is stated "that the 12-month period of the visa's validity concerns entry into the U.S.A. and territory under the jurisdiction of the United States".\*

In the light of the foregoing, the reference contained in the *Aide-Mémoire* to V. A. Gubichev's failure to extend his visa during his stay in the U.S.A. is irrelevant.

In the said *Aide-Mémoire* of the Department of State it is asserted: "When Mr. Gubichev became an official of the United Nations in this manner, he ceased to be a member of the Soviet Delegation and therefore could not be entitled to diplomatic immunities in the United States by virtue of any official relations to the Soviet Government".

This assertion of the Department of State is also lacking in any foundation because, in accordance with the generally recognized norms of international law and in accordance with the law of the U.S.A. of December 29, 1945, article 7, paragraph (b), officials or employees of international organizations shall be immune from suit and legal process except insofar as such immunity may be waived by the foreign government or international organization concerned,† which was not the case in regard to V. A. Gubichev.

Moreover, the aforementioned documents prove undeniably that V. A. Gubichev left for the United States as a member of the Secretariat of the United Nations and that no changes occurred in his position during all the time of his stay in the U.S.A. up to his arrest.

At any rate, the question of diplomatic immunity guaranteed to V. A. Gubichev as a Soviet diplomat by the fact of the issuance of an

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*\*Translator's note:*

The full text of article (a) in the English original reads as follows: "A regular diplomatic visa, which, provided the passport to which it is affixed remains valid and provided the status of the holder does not change, will be valid for a period of 12 months during which time the holder may make any number of applications for entry into the United States and territory under the jurisdiction of the United States". (TC) [Footnote in the source text.]

*†Translator's note:*

The full text of paragraph (b) in the English original reads as follows: "Representatives of foreign governments in or to international organizations and officers and employees of such organizations shall be immune from suit and legal process relating to acts performed by them in their official capacity and falling within their functions as such representatives, officers, or employees except insofar as such immunity may be waived by the foreign government or international organization concerned". (United States Code, 1946 edition, Titles 16-26, page 2296, paragraph 288 (b). /TC/.[])] [Footnote in the source text.]

American diplomatic visa on his diplomatic passport was not raised by the Department of State before Gubichev's arrest.

The references contained in the aforesaid *Aide-Mémoire* of the Department of State to article 100 of the United Nations Charter and to V. A. Gubichev's "dual status" invented by the Department of State have no bearing on this case, in as much as the said article only defines the duties of members of the Secretariat of the United Nations, which does not affect Gubichev's diplomatic status as recognized by the Department of State by the fact of the issuance of a diplomatic visa to him.

In view of the above, the statement contained in the aforementioned *Aide-Mémoire* of the Department of State to the effect that Gubichev cannot at the same time that he is an official of the United Nations Secretariat enjoy a diplomatic status is unfounded.

As for V. A. Gubichev's duties with respect to the United Nations according to article 100 of the United Nations Charter, this question relates exclusively to the jurisdiction of the United Nations. Gubichev's duties with respect to the United Nations do not in the least affect his diplomatic status, recognized from the very beginning by official agencies of the U.S.A.

The actions of the American authorities in regard to Gubichev are illegal and represent an unprecedented violation of generally recognized norms of international law.

In view of the foregoing, the Soviet Government insists on the immediate release of V. A. Gubichev, whose right to diplomatic immunity is indisputable.<sup>1</sup>

WASHINGTON, March 30, 1949.

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<sup>1</sup> The Embassy of the Soviet Union sent its note No. 43 dated April 15 to the Department of State requesting that an answer to note No. 31 be expedited.

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861.20211 Gubitchev, Valentine/4-2649 : Telegram

*The United States Representative at the United Nations (Austin)  
to the Secretary of State*

NEW YORK, April 26, 1949—6: 18 p. m.

529. Tolokonnikov furnished \$100,000 bail for Gubitchev in form of certified Embassy check, dated April 12, before the Federal Court of the Southern District of New York this afternoon. Conditions attached to bail were that Gubitchev not leave the Southern District of New York nor enter upon a pier, dock or vessel, airport or airplane within that district. Bail was furnished and receipt given Tolokonnikov in his personal capacity, not as a government official, upon insistence of court.

Tolokonnikov objected at some length to "unusual" conditions, asserting that Gubitchev had no intention of being near piers or ships since he had nothing to look for or find there. Requested that statement be included in bail bond that this did not prejudice question of diplomatic immunity. He said that conditions were another proof that especially unfavorable conditions were being created for Gubitchev. Court ruled that conditions were not unreasonable in view of the charges against Gubitchev, and stated that it was not concerned at this time with the plea of immunity.

Gubitchev, before Tolokonnikov spoke, said he did not object to conditions, but, upon hearing the foregoing argument, raised objections to the conditions, stating that "the unprecedented bail even for American standards" was sufficient. He said he was poor, honest, a diplomat, not guilty, and did not intend to flee the jurisdiction of the court.

Tolokonnikov suggested that submarines, helicopters, and balloons be added to list of conditions of bail bond. He backed down when court said that he was certain Tolokonnikov did not mean to be facetious and intend to make mockery of the proceedings.

The bail bond was read by interpreter to Gubitchev and Tolokonnikov with Novikov<sup>1</sup> participating as Soviet interpreter-observer.

Photostatic copies of bail bond given Russians.

AUSTIN

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<sup>1</sup> Yury Vasilyevich Novikov was Second Secretary in the Embassy of the Soviet Union.

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861.20211 Gubitchev, Valentine/3-3049

*The Department of State to the Embassy of the Soviet Union*

AIDE-MÉMOIRE

The Department of State refers to the *aide-mémoire* of March 30, 1949, from the Embassy of the Union of Soviet Socialist Republics concerning the arrest of Valentin A. Gubitchev and claiming diplomatic immunity for him.

Under international law and the laws of the United States, except for individuals covered by Section 15 of the Headquarters Agreement between the United States and the United Nations, an individual is not entitled to claim diplomatic status and immunities unless he is a foreign official accredited to the Government of the United States, notified to the Department of State and accepted by the Department for this purpose, or is a member of the family, staff or retinue of such official. The United States also, in appropriate circumstances, extends diplomatic privileges to foreign officials who are accredited as diplomatic officers to other governments, to international conferences, or



who are on other diplomatic missions. Mr. Gubitchev has never been accredited to the United States Government or accepted by it, and there has been no claim that Mr. Gubitchev is entitled to diplomatic immunities by virtue of Section 15 of the Headquarters Agreement between the United States and the United Nations. Nor is he in the United States in the capacity of an accredited diplomatic officer on any diplomatic mission for which it would be appropriate to extend diplomatic privileges to Mr. Gubitchev as a matter of courtesy.

Reference is made in the Soviet *aide-mémoire* of March 30 to the provisions of the International Organizations Immunities Act, Public Law 291, 79th Congress. The immunity from legal process conferred by Section 7(b) of that Act on officers and employees of international organizations specifically relates only "to acts performed by them in their official capacity and falling within their functions". The acts with which Mr. Gubitchev has been charged clearly do not come within this provision.

The Soviet *aide-mémoire* of March 30, in claiming that Mr. Gubitchev enjoys diplomatic immunity in the United States, relies principally on his possession of a diplomatic passport and a diplomatic visa. The possession of a diplomatic passport and visa by an alien coming to the United States has never been recognized by this Government as according, of their own force, diplomatic status and immunities. Diplomatic visas are issued pursuant to the regulations of the United States Government (22 Code of Federal Regulations, Section 60.4) to individuals in numerous categories. In some of these categories, such as that which includes certain consular officers, they are issued to individuals who definitely do not have diplomatic status and immunities in this country in order that they may receive special courtesies.

The Department of State is aware of the notation in the application for a visa by Valentin A. Gubitchev indicating that he sought admission to the United States as a "Third Secretary of the Secretariat of the United Nations Organization". There is, in fact, no such position or rank as "Third Secretary" on the Secretariat of the United Nations; in consequence, notations on the application and on the visa were presumably clerical errors. While Mr. Gubitchev had been offered an appointment while he was still in Moscow, he did not file his application for employment by the United Nations until after his arrival in the United States, and his application indicated that he was then serving as Third Secretary in the Ministry of Foreign Affairs of the Union of Soviet Socialist Republics. The Department of State has assumed, therefore, that when Mr. Gubitchev applied for a visa to come to the United States, he was applying as "Third Secretary, Soviet Delegation to the United Nations" or as "Third Secretary of the Ministry of Foreign Affairs of the USSR".

Subsequently, Mr. Gubitchev relinquished this status when he became a member of the United Nations Secretariat. His status at the time of his arrest necessarily determines the question of his right to immunity from legal process, and such privileges or immunities as he might have had prior to the change in his status in September, 1946, are not relevant.

As stated in the Department's *aide-mémoire* of March 24, the United States Government cannot, in view of Mr. Gubitchev's status since September 1946 as an official of the United Nations, recognize that he has continued to serve at the same time in the capacity of a Soviet diplomatic officer. Such a dual status would be inconsistent with Article 100 of the Charter of the United Nations; this Government, consistent with its obligations under the Charter, could not give effect to such a status. In this connection it is noted that the Secretary-General of the United Nations has not claimed immunity on behalf of Mr. Gubitchev, has, in fact, agreed that he is not entitled to immunity with regard to the acts charged, and has suspended Mr. Gubitchev pending the disposition of his case.

The Government of the Union of Soviet Socialist Republics may be assured that Mr. Gubitchev will be brought to trial without undue delay, will be accorded a fair and honest trial and will have the benefit of all the safeguards which the Constitution and the laws of the United States guarantee to persons charged with crime in the courts of the United States. If Mr. Gubitchev is acquitted he will, of course, be released. In the event that Mr. Gubitchev is found to be guilty of the crimes charged, the Government of the United States will determine whether, in the light of the developments at the trial and all the circumstances, Mr. Gubitchev should serve whatever sentence may be imposed or should be deported from the United States, in accordance with the provisions of the Headquarters Agreement between the United States and the United Nations, for abuse of his privileges of residence in this country.

WASHINGTON, April 28, 1949.

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861.20211 Gubitchev, Valentine/4-2949 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, April 29, 1949—3 p. m.

1088. Author *Literary Gazette* article Gubichev case April 27, Eugene Korovin <sup>1</sup> (Embtel 1066 April 28 <sup>2</sup>) is Soviet Union's number

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<sup>1</sup> Yevgeny Alexandrovich Korovin, in addition to several other positions, was Director of the Institute of Law of the Academy of Sciences of the Soviet Union.

<sup>2</sup> Not printed. The Embassy also sent a translation of this article in despatch No. 250 from Moscow on April 30.



one international law expert. Besides being Professor Moscow University he serves same capacity Foreign Service Training School Soviet Foreign Office. He is known as regular adviser on international law to Foreign Office and has served on official Soviet Delegation UNO.

Article with specific reference Foreign Office documents obviously prepared in Foreign Office. Accordingly absolutely clear this article intended as indirect but no less official communication to US. Fact it published in *Literary Gazette* instead, for example, Soviet Government organ *Izvestiya*, probably indicates it is warning rather than direct prelude to reprisal action, which presumably will still depend on developments. However, basis clearly laid for reprisal which must certainly be expected in due course, and probably in form considered appropriate.<sup>3</sup> That is, if Gubichev tried, found guilty and sentenced to imprisonment, same can be expected for one of our staff here; if tried, acquitted and deported, one of our staff is sure to go through same process with same delay in custody awaiting "trial" before being released.

In circumstances, I must reiterate hope expressed Embtel 598 March 8<sup>4</sup> case can be resolved by deportation, even under suspended sentence, instead imprisonment. If case must follow "normal course," then trust that course can be expedited. Meanwhile, believe advisable Department promptly take cognizance *Literary Gazette* article, issuing full analysis and rebuttal and pointing out Korovin's threat of reprisals not only not sanctioned by modern international law but reversion ancient barbaric practices.<sup>5</sup> Moreover, in view known status author and patent fact attempt of member government maintain diplomatic status incompatible with obligations as international servants assumed by individuals employed by UN, suggest Department consider bringing this question before appropriate UN organ. Official position Soviet Government seems in direct conflict that of UN as expressed Secretary General Lie and matter concern all UN members, especially in view clear reprisal threat.

Foregoing based on assumption we really have goods on Gubichev. If we do not, then I could only regard attempted prosecution as criminal irresponsibility on part FBI jeopardizing members Embassy

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<sup>3</sup> According to the translation of his article in despatch No. 250, Korovin summed up his viewpoint on this topic with these words: "Since the subject of this infringement of law was a diplomatic official of the USSR, this infringement of law is moreover an act of illegal discrimination against the Soviet Union. Such actions give the state which has suffered the right either to demand appropriate satisfaction (moral or material) from the government which has broken the law, or to apply answering repressive action against citizens and diplomatic officials of the state which has set out on the path of infringement of international law." (861.20211 Gubichev, Valentine/4-3049)

<sup>4</sup> Not printed.

<sup>5</sup> The Department of State did issue a statement to the press on May 6 explanatory of the reasons why Gubichev did not possess diplomatic immunity. See Department of State *Bulletin*, May 15, 1949, pp. 636-637 for the text.



staff. Soviet Government suffers from neither legal nor moral inhibitions like those affecting us, and we must not lightly get into reciprocal witch hunt.

KOHLER

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861.20211 Gubitchev, Valentine/4-3049

*The Embassy of the Soviet Union to the Department of State*

[Translation]

No. 49

The Embassy of the Union of Soviet Socialist Republics refers to the Department of State's *Aide-Mémoire* of April 28, 1949 concerning the arrest of the Soviet diplomat V. A. Gubichev by American authorities and, upon instructions from the Soviet Government, has the honor to state the following:

The Soviet Government notes that, in the above-mentioned *Aide-Mémoire* of the Department of State, arguments have been repeated which were set forth in the *Aide-Mémoire* of the Department of State of March 24, 1949 and were refuted documentarily in the Embassy's note no. 31 dated March 30, 1949.

There is likewise noted the statement contained in the *Aide-Mémoire* of the Department of State dated April 28, 1949 to the effect that, although the Department of State is aware of the note of the Foreign Ministry of the U.S.S.R. dated June 13, 1946,<sup>1</sup> in which an entry visa was requested for V. A. Gubichev as a member of the Secretariat of the United Nations, the Department of State nevertheless "supposed" that the visa was requested for a member of the Soviet delegation in the United Nations.

Such an unfounded "supposition" concerning the status of a Soviet diplomat in the territory of the U.S.A., which arose in spite of the accurate information concerning V. A. Gubichev's status on his passport and in the Foreign Ministry's note dated June 13, 1946, is likely to cause astonishment, especially since this "supposition" was expressed almost three years after it originated in the Department of State.

Argumentation of this kind, whereby facts and verified documents are either ignored or distorted, cannot of course justify the arbitrary actions of the American authorities in regard to a Soviet diplomat.

The Soviet Government cannot recognize as convincing or serious arguments those adduced in the Department of State's *Aide-Mémoire* dated April 28, 1949 and requests that V. A. Gubichev be immediately released and that this persecution by the American authorities be discontinued.

WASHINGTON, April 30, 1949.

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<sup>1</sup> Not printed.

861.20211 Gubitchev, Valentine/4-3049: Telegram

*The United States Representative at the United Nations (Austin) to  
the Secretary of State*

CONFIDENTIAL      PRIORITY      NEW YORK, April 30, 1949—12:12 a. m.

545. Request Department approval that USUN transmit to SYG Lie for his information exchange of notes between Department and Soviet Embassy regarding Gubitchev in view SyG's keen interest in case and his complete cooperation with US in handling it.

Also suggest that notes or summary thereof be made public in view distorted version of the legal status of Gubitchev's arrest and trial given in Moscow *Literary Gazette* recently.<sup>1</sup> As matters now stand, foreign delegates and alien secretariat employees have read only Soviet allegations that Gubitchev arrest illegal under US law. Since delegation and alien secretariat personnel generally not acquainted with US law on such matters it would seem well to have the point clarified by publication of US position and citation of relevant statutes and international agreements.

Judge Rifkind's ruling on Gubitchev immunity claim expected early next week. Department may wish to time release appropriately since exchange of notes has been made available to Rifkind with request he not quote them verbatim but with understanding he may refer to their conclusions.

AUSTIN

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<sup>1</sup> See telegram 1088 from Moscow on April 29 and footnotes 2, 3, and 5 thereto, p. 790.

861.20211 Gubitchev, Valentine/7-2049

*The Secretary of State to the Attorney General (Clark)*

SECRET

WASHINGTON, July 21, 1949.

MY DEAR MR. ATTORNEY GENERAL: I should like to bring to your attention certain considerations in connection with the decision to postpone to October 17 the opening of the trial of Valentin Gubitchev.<sup>1</sup>

On March 24 in an *Aide-Mémoire* to the Soviet Embassy rejecting a claim of immunity for Gubitchev, the Department of State, after clearing with your Department, assured the Soviet Government that "Mr. Gubitchev will be tried without undue delay". This assurance was repeated in a subsequent *Aide-Mémoire* of April 28. Early in May,

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<sup>1</sup> This trial date was set after several previous postponements. A Tass item for July 10 about this latest delay appeared in the press in the Soviet Union. In an undated memorandum, but probably written about July 13, Dean Rusk noted: "Apparently, the calendar of the Federal District Court for the Southern District of New York does not make available at this time the services of a judge to try the Gubitchev-Coplon case."

copies of these *Aide-Mémoire* were transmitted to the Secretary-General of the United Nations.

As a result of the postponement of the trial to October 17, more than eight months will have elapsed between the date of Gubitchev's arrest and the date of his trial. Gubitchev remains on \$100,000 bail, with stringent limitations on his movements. His status as a member of the Secretariat of the United Nations remains in abeyance since the Secretary-General suspended Gubitchev pending the outcome of his trial.

As you will recall, the Department has been seriously concerned about the possible effects of the arrest and detention of Gubitchev on the welfare and safety of United States personnel in our embassies in Eastern European countries. This fear of retaliation continues and is heightened by the news of the further postponement of Gubitchev's trial.

The decision to open the trial in New York on October 17 means that the trial will take place simultaneously with the Fourth Session of the General Assembly which opens in New York on September 20. The trial will undoubtedly receive wide news coverage and will be the subject of lively interest in the Assembly. You should be aware of the possibility that one of the Eastern European delegations might ask to have the case placed on the agenda of the General Assembly. In this event, it can be expected that delegations hostile to us will use every possible propaganda attack against the United States, the Department of Justice and the Federal Bureau of Investigation. We are not concerned about any adverse action by the General Assembly itself since the overwhelming majority of the member governments will understand the situation, and also since we and the Secretary General are in substantial accord on this problem. I mention this possibility merely to let you have advance knowledge of the possibility of a sharp discussion of this case in the General Assembly.

Sincerely yours,

DEAN ACHESON

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861.20211 Gubitchev, Valentine/8-149

*The Acting Attorney General (Ford) to the Secretary of State*

SECRET

WASHINGTON, August 1, 1949.

MY DEAR MR. SECRETARY: I have your letter of July 21, 1949, your reference UNI, regarding the postponement until October 17 of the trial of Valentine A. Gubitchev, on charges of espionage in the United States District Court for the Southern District of New York.

It is true that several months will have elapsed between the date of Gubitchev's arrest and the date of his trial. However, as you know, the case against the codefendant Judith Coplon in Washington, D.C., came to trial first. Although it commenced on April 25, that trial con-



sumed some eleven weeks and was not concluded until July 1.<sup>1</sup> Of course, proceedings in New York necessarily had to be deferred pending the conclusion of the Washington trial.

Immediately after Miss Coplon's conviction in Washington Judge Bondy, of the District Court for the Southern District of New York, on his own initiative called a conference with counsel for the government and for Coplon, for the purpose of setting a date for the prosecution of both defendants in New York. The government requested an early trial and announced itself ready to proceed at any time. However, Judge Bondy stated that during the summer, and continuing through the entire month of September, only one judge at a time will be available to transact the entire business, both civil and criminal, of the District Court for the Southern District of New York. He said that hence a trial of this case would be impossible until some time in the fall. Counsel for Miss Coplon then asked Judge Bondy to designate the first Monday in November,<sup>2</sup> while government counsel suggested the first Monday in October.<sup>3</sup> Judge Bondy selected October 17.

It is, therefore, apparent that the court is wholly responsible for the October 17 trial date, and that this resulted from circumstances which were unavoidable. I, too, regret that the case could not have been disposed of as soon as the Washington trial was concluded but you realize, of course, that the delay was beyond the control of the Department of Justice.

With kind personal regards,  
Sincerely,

PEYTON FORD

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<sup>1</sup> At the close of her separate trial in Washington, Miss Coplon was sentenced to 10 years in prison for espionage, but later on technical grounds she was held entitled to a new trial.

<sup>2</sup> November 7.

<sup>3</sup> October 3.

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861.20211 Gubitchev, Valentine A./9-2849

*The Embassy of the Soviet Union to the Department of State*

[Translation]

No. 118

The Embassy of the Union of Soviet Socialist Republics has the honor, upon instructions of the Government of the USSR, to make the following statement to the Department of State:

On April 30, 1949, the Embassy, upon instructions of the Soviet Government, addressed to the Department of State note no. 49 concerning the unlawful arrest and prosecution by the American authorities of a Soviet diplomat, V. A. Gubichev, a Third Secretary of the Ministry of Foreign Affairs of the Union of SSR. In spite of the fact that more than 4 months have elapsed since then, the Department

of State has not yet answered the Embassy's note. In the meantime V. A. Gubichev has been deprived of freedom of movement, without any reason therefor, and is awaiting the trial which successively has been scheduled for May 2, June 6, June 20, July 11 and finally for October 17, 1949.

As has been already pointed out in the preceding notes and memoranda of the Embassy, the arrest and the subsequent prosecution of V. A. Gubichev by the American authorities have been a gross breach of generally recognized elementary rules of international law and of rules of the national law of the USA.

Being in the diplomatic service, V. A. Gubichev has a right to diplomatic immunity. The American authorities were informed in due manner and in due time as to the status of V. A. Gubichev and recognized the same. This is borne out by the following facts and documents:

1. In the note of the Ministry of Foreign Affairs of the USSR of June 13, 1946, no. KO-62676, addressed to the Embassy of the USA in Moscow, a diplomatic entry visa and *laissez-passer* in the name of V. A. Gubichev, as an employee of the Secretariat of the United Nations, a Third Secretary of the Diplomatic Service, were requested. In his diplomatic passport no. 12032, issued by the Ministry of Foreign Affairs of the USSR on June 10, 1946, it was similarly indicated that he was an employee of the Secretariat of the United Nations and had the diplomatic rank of Third Secretary.

2. There was placed on the diplomatic passport of V. A. Gubichev by the American Embassy at Moscow on June 24, 1946, diplomatic visa no. 202. At the same time it was indicated that the visa was issued in conformity with paragraph 7, article 3, of the Immigration Act of 1924.

On arrival in New York, the immigration inspector of the USA made the following notation on the passport of V. A. Gubichev:

"Admitted in New York July 29, 1946, in conformity with paragraph 7, article 3, of the Immigration Act of 1924, for the duration of the status."

All this confirms that the American official authorities have recognized the diplomatic status of V. A. Gubichev. During his stay in the USA this status has not been subjected to any changes. In this diplomatic quality he was unlawfully arrested on March 4, 1949.

Attempting to justify this illegal act, in its *aide-mémoire* of March 24 and April 28, 1949 the Department of State set forth its version regarding some kind of "dual status", which, according to the statement of the Department of State, appears to serve as proof of the lack of diplomatic status for V. A. Gubichev. However, examination of these arguments of the Department of State indicates their complete groundlessness.

In its *aide-mémoire* of April 28, the Department of State does not

deny that V. A. Gubichev appears "as Third<sup>1</sup> Secretary of the Ministry of Foreign Affairs of the U.S.S.R.," that is, as a person in the diplomatic service. And the assignment of V. A. Gubichev to the diplomatic service appears the basis for determining his right to immunity.

Being a Third Secretary in the Ministry of Foreign Affairs of the U.S.S.R., V. A. Gubichev appears, according to the Hall classification (*vide* Moore, *Compendium of International Law*, Vol. IV, par. 623, p. 427), as a diplomatic agent of the Soviet Government.<sup>2</sup>

"In general, diplomatic agents have the same immunities as the sovereigns whom they represent. The chief right is that of inviolability" (Eagleton, "Protection of Foreign Officials", *American Journal of International Law*, No. 19).<sup>3</sup>

The Government of the U.S.A. has always demanded the observance of this principle with regard to itself, and this principle has been frequently confirmed by American courts (*Jones vs. United States*, 137 US 202, 217; see also *Wolsey vs. Chapman*, 101 US 755, 770, *Rankl vs. United States* 122 US 543, 557, 11 Opinion of the Attorney General 397, 399).

Admitting that V. A. Gubichev was a member of the diplomatic service of the Soviet Government, the Department of State, in its *aide-mémoire* of April 28, 1949, still attempts to cast doubt on his right to immunity, asserting that the privileges or immunities which Gubichev may have enjoyed until the alleged change of his status in September 1946, "are not pertinent to the matter".

However, even this assertion of the Department of State is not valid, because since the arrival of Gubichev in the USA his status was not subjected to any changes.

The Department of State is aware that V. A. Gubichev arrived in the USA in the diplomatic quality of an employee of the Secretariat of the United Nations, because the Embassy of the United States in Moscow was motivated by this when it issued him the diplomatic visa and the *laissez-passer*. Gubichev occupied exactly the same position at the time of his arrest.

Only the Government of the USSR may decide what functions

<sup>1</sup> The word "Third" is substituted as a correction for the word "a" originally in this note No. 118 according to a memorandum, not printed, brought to the Department of State by Nikolay Viktorovich Statskevich, an Attaché of the Embassy of the Soviet Union, on October 7. (861.20211 Gubitchev, Valentine/9-2849)

<sup>2</sup> The reference here intended is to John Bassett Moore, *A Digest of International Law*, wherein a citation is made to William Edward Hall, *A Treatise on International Law* (4th edition, 1895), section 96, p. 310.

<sup>3</sup> The reference here intended is to an article by Clyde Eagleton, "Responsibility of the State for the Protection of Foreign Officials," *American Journal of International Law*, vol. XIX, no. 2 (April 1925), pp. 293-314. In the quotation from page 296, the word "public" has been left out after "In general," and before "diplomatic agents".



should be entrusted to V. A. Gubichev, a Soviet diplomat, in a given period of time, and if the Soviet Government permitted him to be assigned to the International Organization while retaining his official status at the same time, this was a decision which concerns only the Soviet Government and the appropriate International Organization, and it does not give the Government of the USA any reason to disregard the diplomatic status of Gubichev.

The American authorities know that Governments have the right to permit officials of their Ministries of Foreign Affairs to be assigned to International Organizations and that the officials assigned in this manner enjoy and possess diplomatic immunity.

In the examination into international law by Harvard University there was expounded a premise which can be found on pages 42 and 43 of the Supplement to no. 26 of the *American Journal of International Law*, in which, in regard to diplomatic agents specifically assigned by their Governments to international organizations, it is stated:

"By virtue of treaty provision or of customary international law they are entitled to the possession of diplomatic immunities."<sup>4</sup>

In view of the above, the assertion of the Department of State that Article 100 of the Charter of the United Nations allegedly places in doubt the immunity of V. A. Gubichev is contradictory to the generally recognized rules of international law.

Diplomatic status was granted to V. A. Gubichev by his Government and, according to international law, the attitude of the Department of State toward V. A. Gubichev must be determined just by this factor and not by an arbitrary interpretation of his status by the Department of State.

Article 100 of the Charter refers only to the obligations of each member of the United Nations in regard to this organization.

As indicated above, the immunity of V. A. Gubichev exists on the basis of international law, which the American authorities are bound to observe.

The assertion of the Department of State to the effect that V. A.

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<sup>4</sup>The matter referred to here is the Research in International Law of the Harvard Law School and particularly to a Draft Convention on Diplomatic Privileges and Immunities, with Comment, prepared for the codification of international law, *Supplement to the American Journal of International Law*, vol. xxvi, nos. 1 and 2 (January and April 1932), pp. 15-187. An expanded quotation from the Comments on page 43 states that there is excluded from this draft convention "the subject of the privileges and immunities of delegates to international congresses and conferences and of special state agents participating in the functions of international organizations. Although they are generally accorded diplomatic privileges and immunities, delegates are not members of a mission 'sent,' i.e., accredited, to another state. Agents specially attached by their governments to public international organizations, or acting as members of their representative organs, are likewise excluded. By virtue of treaty provision or of customary international law they are entitled to the possession of diplomatic immunities, but they are obviously not members of a diplomatic mission in the ordinary sense of the term."

Gubichev does not enjoy immunity because he has not been accredited to the Government of the United States is not valid either.

In paragraph 7 of the Immigration Act of 1924, supplemented by the Law of the USA of December 29, 1945, in connection with entrance of the USA into the United Nations, and with the creation of the Secretariat of the United Nations in New York, it is stated that:

“persons designated by foreign Governments . . . to international organizations and the officers and employees of such organizations, and members of the immediate families of such representatives, officers, and employees, residing with them . . . shall . . . be entitled to the same privileges, exemptions and immunities as are accorded under similar circumstances to officers and employees, respectively, of foreign Governments and members of their families.”<sup>5</sup>

In the same paragraph 7 of the said Act it is explained that: “the term ‘international organization’ means a public international organization in which the United States participates.”<sup>6</sup>

It follows from the above that persons who have diplomatic immunity continue to enjoy the same even after their appointment by their Governments for work in the United Nations. Since V.A. Gubichev is an employee of the United Nations appointed by the Soviet Government, he is also entitled to diplomatic immunity.

The exception from the general rule, established by paragraph 7 of the said Act, refers only to the case “when such immunity may be waived by the foreign Government or International Organization concerned.”<sup>7</sup>

As is known, no waiver of the immunity in regard to V. A. Gubichev has been made by the Soviet Government or by the United Nations. Thus the diplomatic immunity of V. A. Gubichev is not subject to any doubt and cannot be disputed without a manifest breach of generally recognized rules.

The Act of Congress of the USA of April 30, 1790, included in 1878 in “The Revised Statutes of the United States” which later were transferred to “The Code of Laws of the United States” (Article 4063, paragraph 252), states as follows:

“Whenever any writ or process is sued out or prosecuted by any person in any court of the United States, or of a State, or by any judge or justice, whereby the person of any . . . public minister of any foreign prince or State, authorized and received as such by the President, or any domestic or domestic servant of any such minister,

<sup>5</sup> This quotation is actually excerpted from Section 7(a) of the International Organizations Immunities Act, approved on December 29, 1945; 59 Stat. 671.

<sup>6</sup> This quotation is actually excerpted from Section 1 of the International Organizations Immunities Act, *ibid.*, p. 669.

<sup>7</sup> The quotation is actually excerpted from Section 7(b) of the International Organizations Immunities Act, *ibid.*, p. 672.



is arrested or imprisoned, or his goods or chattels are distrained, seized, or attached, such writ or process shall be deemed void.”<sup>8</sup>

Proceeding from the above, the arrest of V. A. Gubichev and the subsequent legal action in regard to him as to a person who enjoys diplomatic immunity are manifestly arbitrary acts on the part of the police and the judicial authorities of the USA and are a gross violation of elementary and generally recognized rules of international law and of the laws in force in the United States themselves.

The actions of the American authorities appear even more arbitrary because V. A. Gubichev has not committed any crime against the Government of the USA, and all accusations presented against him are either inventions or provocations.

The Embassy insists on the immediate discontinuance of the illegally initiated prosecution of V. A. Gubichev, on his immediate release and on prosecution of those persons who have been guilty of committing with regard to Gubichev the illegal actions indicated above.

WASHINGTON, September 28, 1949.

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<sup>8</sup> The quotation is actually excerpted from 22 U.S.C. § 252. Its derivation is from the Act of April 30, 1790, ch. 9, § 25, 1 Stat. 117. The words “ambassador or” have been left out at the place where elision has been indicated.

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861.20211 Gubitchev, Valentine/9-2849

*The Department of State to the Embassy of the Soviet Union*

The Department of State refers to note no. 118 of the Embassy of the Union of Soviet Socialist Republics, dated September 28, 1949, concerning the arrest and prosecution of Mr. Valentin A. Gubitchev. In this note the Embassy of the Union of Soviet Socialist Republics again states that Mr. Gubitchev's arrest and prosecution is a violation of generally recognized rules of international law as well as of the laws of the United States. The Embassy states further that “the actions of the American authorities appear even more arbitrary because V. A. Gubitchev has not committed any crime against the Government of the United States of America.” The Embassy concludes by insisting “on the immediate discontinuance of the illegally initiated prosecution of V. A. Gubitchev, on his immediate release and on prosecution of those persons who have been guilty of committing with regard to Gubitchev the illegal actions indicated above.”

With regard to the claim that Mr. Gubitchev enjoys an immunity to arrest and prosecution in the circumstances of the case, the Department of State has nothing to add to what was contained in the Department's *aide-mémoire* of March 24, 1949 and April 28, 1949. Those



communications indicate clearly that Mr. Gubitchev, as a member of the United Nations Secretariat, is not entitled to immunity from arrest and prosecution for the acts for which he has been indicted and is awaiting trial in the courts of the United States. The Government of the United States is free, therefore, under the laws of the United States, including international agreements to which the United States is party, to bring Mr. Gubitchev to trial.

The arrest and indictment of Mr. Gubitchev are based on evidence indicating that Mr. Gubitchev and Miss Judith Coplon, a United States citizen, were engaging in activity in violation of the laws of the United States. Whether Mr. Gubitchev was in fact guilty of such violation will of course be determined at his trial which is scheduled to take place in the near future.

Under the circumstances the Department of State cannot comply with the request of the Embassy of the Union of Soviet Socialist Republics that prosecution of Mr. Gubitchev be discontinued and the individual released.

WASHINGTON, October 14, 1949.

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861.20211 Gubitchev, Valentine/12-2049

*The Ambassador of the Soviet Union (Panyushkin) to the District Judges of the United States District Court for the Southern District of New York*

[Translation]

WASHINGTON, December 10, 1949.

HONORABLE SIRS: I hereby have the honor to draw your attention to the fact that the Soviet citizen, Valentin A. Gubitchev, is an officer of the diplomatic service in the Ministry of Foreign Affairs of the USSR since April 26, 1946, with the diplomatic rank of Third Secretary.

In this capacity, Mr. Gubitchev V. A. was sent, with the permission of the Government of the Union of Soviet Socialist Republics, to the USA to work in the Secretariat of the United Nations Organization.

Mr. Gubitchev V. A. arrived in the USA in July 1946, having the Soviet Diplomatic Passport No. 12032 and the Diplomatic Visa No. 202 issued by the USA Embassy in Moscow on June 24, 1946.

The Soviet Government has not revoked the diplomatic status of Mr. Gubitchev V. A. and up to the present time he remains an officer

of the Ministry of Foreign Affairs of the USSR, with the diplomatic rank of Third Secretary.

Respectfully,

ALEXANDER S. PANYUSHKIN

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861.20211 Gubitchev, Valentine/12-2049

*District Judge Sylvester J. Ryan of the United States District Court for the Southern District of New York to the Secretary of State*

NEW YORK, December 20, 1949.

SIR: I have the honor of referring to you the original and a translation of a letter from His Excellency Alexander S. Panyushkin, Ambassador Extraordinary and Plenipotentiary of the Union of Soviet Socialist Republics to the United States, addressed to the District Judges of the United States District Court for the Southern District of New York.<sup>1</sup>

This letter was read by Mr. Lev S. Tolokonnikov, First Secretary of the Embassy of the Union of Soviet Socialist Republics in Washington, D.C., into the court record of the proceeding entitled *United States of America v. Judith Coplon and Valentine A. Gubitchev*, indictment No. 129-158, over which I am presiding. The defendant Gubitchev seeks by this proceeding to establish his immunity from criminal prosecution in this court by reason of his diplomatic status.

Since the letter is from His Excellency Alexander S. Panyushkin, I deem it proper to bring it to your attention.

Respectfully,

SYLVESTER J. RYAN

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<sup>1</sup> *Supra.*

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800.01B11 Registration/12-3049

*The Secretary of State to the Attorney General (McGrath)*

WASHINGTON, December 30, 1949.

MY DEAR MR. ATTORNEY GENERAL: Reference is made to the request of the Department of Justice for a statement from the Department of State at this time concerning the status in this country of Mr. Valentin A. Gubitchev, now under indictment in the United States District Court for the Southern District of New York.

Mr. Gubitchev came to the United States in 1946 as a member of the Soviet Delegation to the United Nations. He had been granted a diplomatic visa, because at that time he was coming to the United States as Third Secretary in that Delegation. Mr. Gubitchev's visa was valid for a period of one year. After coming to the United States, Mr. Gubitchev did not seek or obtain an extension of his visa. Shortly

after his arrival in the United States, Mr. Gubitchev became a member of the Secretariat of the United Nations, serving as an architectural engineer with the United Nations Headquarters Staff. Mr. Gubitchev has never been accepted by the Department of State as a diplomatic representative of the Soviet Government.

When Mr. Gubitchev became an official of the United Nations by becoming a member of its Secretariat, he ceased to be a member of the Soviet Delegation to the United Nations. As an official of the United Nations, Mr. Gubitchev did not on March 4, 1949 or at any time after that date enjoy status as a diplomatic representative of a foreign government accepted as such by the Department of State.

I am enclosing with this letter certified copies of communications received by the Department of State from the Soviet Embassy concerning the Gubitchev case and of the Department's replies, in which the claim of diplomatic immunity for Mr. Gubitchev was rejected.

Sincerely yours,

DEAN ACHESON

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761.5211/3-850 : Telegram

*The Chargé in the Soviet Union (Barbour) to the Secretary of State*

SECRET

Moscow, March 8, 1950—1 p. m.

783. Sent Department 783; Department pass Cairo 11 for Ambassador Kirk.<sup>1</sup> While I appreciate that views this Embassy relation general implications Gubitchev case have already been made known Department, I feel incumbent on me to express the hope that, now that his conviction has been obtained <sup>2</sup> which should make clear to any who still doubted that Soviet agents in US do engage in improper activities and that such activities will not be tolerated, US Government will consider the purposes of the prosecution achieved and will be disposed to consider ends of justice and national interest satisfied with suspended sentence and deportation. I am conscious that such punishment might appear less than sufficient to meet the crime. However, as international issues are inextricably involved and as substance affair has now been resolved at variance US intentions, I believe it to be in the national interest to liquidate matter expeditiously and avoid further potential complications with Soviets in respect thereto which could be vexatious to say the least and would at best serve no useful purpose.

BARBOUR

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<sup>1</sup> Vice Adm. Alan G. Kirk was Ambassador of the United States to the Soviet Union. This telegram was relayed to him in Cairo on March 8 at 9:40 a. m., and it was also repeated to the United States Mission to the United Nations in New York on March 11.

<sup>2</sup> The trial jury had brought in verdicts of guilty against Gubichev and Miss Coplon on March 7.



761.5211 Gubichev, Valentin A./3-950: Telegram

*The United States Representative at the United Nations (Austin) to  
the Secretary of State*

CONFIDENTIAL

NEW YORK, March 9, 1950—5:59 p. m.

232. This morning Judge Ryan sentenced Valentine Gubitchev to terms of five and ten years on counts one and three respectively of indictment, the terms to be served consecutively. However, on basis of statement made by government attorney re attitude of US Attorney General and Secretary of State in this matter, Judge Ryan stated that he would suspend sentence when and if arrangements are made for departure within two weeks of Gubitchev from US.

Statement by government attorney understood to be that Attorney General and Secretary of State had consulted concerning this matter and that it was recommendation of latter, which Attorney General requested court to consider, that interest of US would be served by a suspension of any sentence imposed upon Gubitchev upon arrangements being made for his departure within two weeks never to return. Statement added that such a recommendation was not to be considered as a recognition of any claim of diplomatic immunity. Judge Ryan said that it was not within his province to question the wisdom or reasons for such a recommendation and that accordingly he would acquiesce therein.<sup>1</sup>

Prior to imposition sentence, Gubitchev read statement in Russian which was then translated by interpreter, Victor de Guinzbourg, UN employee made available through USUN at request government attorney. De Guinzbourg advised USUN that statement was brought to court this morning by Yuri Novikov, Attaché, Soviet Embassy, and

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<sup>1</sup>The Secretary of State set forth in a memorandum of March 9, not printed, that he had had a conversation with President Truman during which he referred to conversations between the Departments of State and Justice which had resulted in the proposed suspension of sentence for Gubichev which the trial judge had announced on this day. The Secretary suggested that he intended to talk with Ambassador Panyushkin and inform him of this and that no fine would be imposed when arrangements were made for Gubichev to leave the country. "The President said that he had already approved this course in conversation with the Attorney General and directed me to proceed with the matter." (761.5211/3-950)

Secretary Acheson did call in Ambassador Panyushkin on March 10 and informed him "officially of the outcome of the trial of Mr. Gubitchev." He further declared that immediately upon the conclusion of the trial "I had again taken the matter up with the law officers of the government, as a result of which the Attorney General and I had been able to recommend to the court the action which the court had taken." (761.5211 Gubichev, Valentin A./3-1050)

For the text of a statement released on March 9, concerning the recommendation made for the deportation of Gubichev, see Department of State *Bulletin*, March 20, 1950, p. 445.

that Gubitchev apparently had not seen it before. Statement attacked arrest and trial of Gubitchev as violation international and domestic law, reiterated claim to diplomatic status and denied unlawful activity. Full text being forwarded Department.

In imposing sentence, Judge Ryan pointed out to Gubitchev fairness of trial, fact that he had counsel of his own choosing and that representatives of his Embassy were at his side throughout proceedings. He stated that Gubitchev had not only violated the law of the US but also his secretariat oath and had betrayed the cause of peace. At this statement Gubitchev appeared to smile and Judge Ryan spoke bitterly of his arrogance.

Coplon was sentenced to five years on count one and fifteen years on count four of the indictment. Sentences are to be served concurrently but not concurrently with those imposed in Washington trial. Bail pending appeal was denied.

Prior to sentencing, attorneys for both defendants made motions for judgment of acquittal, arrest of judgment and new trial. All motions were denied.

AUSTIN

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761.5211 Gubitchev, Valentin A./3-950

*Memorandum by the Deputy Legal Adviser (Tate) to the Secretary of State*

[WASHINGTON,] March 9, 1950.

Judge Ryan today sentenced Valentin Gubitchev to five years on the first count of the indictment and ten years on the third count of the indictment, the terms to run consecutively. No fine was imposed.

The Court then announced that, on the basis of the Government's recommendation, the Court would arrange for Gubitchev to be brought before it again, for resentencing under Article 35 of the Federal Rules of Criminal Procedure, if arrangements were made for Gubitchev to leave the United States. The Judge said that on resentencing he would suspend the sentence on condition of Gubitchev's leaving the country within two weeks, never to return.<sup>1</sup>

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<sup>1</sup> On March 15, 1950, Gubichev cancelled the appeal of his conviction and agreed to leave the employ of the United Nations and to depart from the United States. He was scheduled to leave from New York on March 20 on the S.S. *Batory* destined for Gdynia, Poland. Arrangements were made so that on the day of departure Judge Ryan would change the original sentence to a suspended sentence. Then Gubichev would be taken under guard to a Coast Guard cutter, which would transport him to the limits of the territorial waters of the United States, where he would be put aboard the *Batory* on the open sea.

ATTITUDE AND RESPONSE OF THE UNITED STATES TO THE SOVIET  
 "PEACE OFFENSIVE" AND THE USE OF INTERNATIONAL LABOR AND  
 YOUTH ORGANIZATIONS AS INSTRUMENTS OF SOVIET FOREIGN  
 POLICY

Secretary's Daily Meetings, Lot 58 D 609

*Memorandum of Conversation, by the Director of the Executive  
 Secretariat (Humelsine)*

[Extract]

SECRET

[WASHINGTON,] March 10, 1949.

Subject: Summary of Daily Meeting with the Secretary <sup>1</sup>

Participants: The Secretary  
 The Under Secretary  
 Mr. Kennan  
 Mr. Rusk  
 Mr. Allen <sup>2</sup>  
 Mr. Humelsine

*Item 1.* [Action responsibility: Mr. Humelsine] <sup>3</sup>

Mr. Webb brought Mr. Allen along to the meeting to discuss some questions relating to the Congress on Peace and Democracy which is a meeting to be held March 24 under the sponsorship of a group including Mr. Harlow Shapley and a number of hard core Communists, as well as several high type liberals.<sup>4</sup> The main question in regard to this meeting was whether we should issue visas to a group of Russians, including Mr. Shostakovitch, to attend. The pros and cons were gone into at length and Mr. Allen recommended that we grant the group visas. Mr. Acheson said that if we took that position it would be necessary to clear it at the Cabinet level. Mr. Webb asked Mr. Allen to prepare a paper setting out the pros and cons and giving his recom-

<sup>1</sup> Secretary of State Acheson met each morning with a few of his top aides. Under Secretary of States James C. Webb, Assistant Secretary of State for United Nations Affairs Dean Rusk, Executive Secretariat Director Carlisle H. Humelsine, and, in the early months of 1949, Director of the Policy Planning Staff George F. Kennan attended on a regular basis.

<sup>2</sup> George V. Allen, Assistant Secretary of State for Public Affairs.

<sup>3</sup> Brackets appear in the source text.

<sup>4</sup> The reference here is to the Cultural and Scientific Conference for World Peace, held in New York, March 25-27. The Conference was sponsored by the National Council of Arts, Sciences, and Professions of which astronomer Dr. Harlow Shapley, Director of the Harvard College Observatory, was Chairman. The Soviet delegation to the Conference was headed by Aleksander Aleksandrovich Fadeyev, Soviet novelist and Secretary of the Soviet Writers' Union, and Soviet composer Dmitrii Dmitriyevich Shostakovich. Secretary Acheson first raised the question of the Conference at his daily staff meeting of March 1. He told his aides that he had been called by Attorney General Tom C. Clark who reported the concern of David Dubinsky, President of the International Ladies Garment Workers Union, over the holding of the New York Conference. The Secretary thought the matter ought to be looked into (memorandum of conversation by Humelsine, March 1: Secretary's Daily Meetings, Lot 58 D 609).



mendations.<sup>5</sup> He indicated to Mr. Acheson that he would prefer that he not give an immediate answer but think this over for a while and take it up again at the next meeting.

[CARLISLE H. HUMELSINE]

<sup>5</sup> Whether Assistant Secretary Allen prepared a paper of the sort suggested by Under Secretary Webb cannot be determined. For Allen's views on the question of the issuance of visas to Communists and their sympathizers, see his memorandum of March 28 to Peurifoy, p. 821.

800.00B/3-1849

*The Secretary of State to President Truman*<sup>1</sup>

SECRET

[WASHINGTON,] March 14, 1949.

FOR THE PRESIDENT FROM SECRETARY ACHESON:

You will recall the discussion at a recent Cabinet luncheon concerning the expected request for visas for a cultural and scientific conference for world peace sponsored by Harlow Shapley's National American Council of the Arts, Sciences and Professions.<sup>2</sup> Discussion at the luncheon indicated that most of the individuals being invited would be Communist and the preliminary view of the group was at that time that we should not object to the entry of persons concerned to attend this particular conference. Official requests have now been received for approximately twenty visas. We have considered the problem in a very careful manner and from a propaganda point of view we believe the following course of action will be best:

<sup>1</sup> This message was presumably delivered by courier to President Truman, who was vacationing at Key West, Florida. Following the President's approval (see footnote 5 below), this message was circulated to Assistant Secretary of State Allen and to Charles M. Hulten, Deputy Assistant Secretary of State for Administration.

The records of the Secretary of State's morning staff meetings (Executive Secretariat Files, Lot 58 D 604) provide the following information on the circumstances attending the preparation of this message. The question of the issuance of visas to delegates from Eastern Europe to the New York Cultural and Scientific Conference for World Peace had been discussed at the Secretary's staff meeting of March 10 (see *supra*), and it was again discussed at the staff meeting of March 14. The Secretary requested that a meeting be arranged between him, Attorney General Clark, and Secretary of Defense James V. Forrestal for that afternoon. Following the meeting President Truman was to be informed of the policy proposed with respect to the New York Conference (memorandum of conversation by Humelsine, March 14). No record has been found of the Secretary's meeting with Clark and Forrestal which is referred to in the penultimate paragraph of the message printed here. At his staff meeting on March 16, Secretary Acheson was informed by Under Secretary Webb that the President had approved the Department's suggestions for the handling of the visa question and had recommended that Assistant Secretary of State Allen personally inform the press of the decision. A draft statement was discussed and amended at the Secretary's direction (memorandum of conversation by Humelsine, March 16). Regarding the statement given to the press later the same day by Assistant Secretary Allen, see the editorial note, *infra*.

<sup>2</sup> No record has been found of the Cabinet luncheon under reference here.

We will grant the Soviet delegation of six, the Czechoslovak delegation of five and the Rumanian delegation of two, official visas carrying no diplomatic privileges. These visas will be valid only for the purposes of the conference. Reason we are planning to refuse the visa request from the Hungarian Government for a delegation of five is recent expulsion of United States Minister.<sup>3</sup> Remaining requests are not of an official Governmental nature but are requests by private individuals. It is our intention to refuse these visas. A positive finding that their admission is in the national interest would be necessary and I do not believe that such a finding is justified.

Basic reason for our granting visas to Soviet, Czechoslovak and Rumanian delegations is my belief that we should be willing to meet Communists in open debate on issues involved. If we refuse, belief would be heightened both in the United States and abroad that we are intransigent and not willing to have any friendly relations with the U.S.S.R. Mrs. Roosevelt<sup>4</sup> and other U.S. delegates at international conferences dealing with human rights and freedom of information have often been embarrassed by U.S. actions contrary to principles of freedom of information and exchange for which we are fighting. Moreover, we believe Communist delegates will probably defeat their own purposes by their speeches at the conference.

I have discussed all the foregoing with the Secretary of Defense, who sees no military reason to exclude the group, and with the Attorney General who would rather exclude all but who is willing to support the foregoing proposal.

Inasmuch as the Soviet delegation must leave Moscow within four days to arrive in time for the conference, it is necessary that we give an answer as soon as possible. Unless you object we plan to follow the course of action indicated above.<sup>5</sup>

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<sup>3</sup> Selden Chapin, the Minister in Hungary, left Budapest on February 17 following the demand by the Hungarian Government on February 11 for his recall; see footnote 1 to memorandum dated February 10, p. 464.

<sup>4</sup> Mrs. Franklin D. Roosevelt, the widow of the late President, was a member of the United States Delegation to the Third Regular Session of the United Nations General Assembly (September–December 1948 and April–May 1949) and was Chairman of the Commission on Human Rights of the United Nations Economic and Social Council.

<sup>5</sup> The source text bears the following handwritten notation by President Truman:

“To Sec. of State:

Course of action suggested in your message of 14th in regard to National American Council of the Arts, Sciences and Professions is approved. HST.”

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#### *Editorial Note*

In a statement read to representatives of the press at the Department of State on March 16, Assistant Secretary of State for Public Affairs George V. Allen announced that the Department had granted

visas for 22 official representatives of Eastern European governments to attend the New York Cultural and Scientific Conference for World Peace. Assistant Secretary Allen explained that this had been done because of the United States Government's "unswerving devotion to freedom of information and free speech on any issue, however controversial it may be." Allen added that the United States Government had taken into consideration the manner in which the Communists would attempt to use and manipulate the conference together with other facts, such as (1) that none of the cultural leaders of Eastern Europe would be free to express any view other than that dictated by the political authorities in Moscow, (2) that the Soviet Union had ignored representations of the American Embassy in Moscow on repeated occasions concerning cultural exchange between the two countries, and (3) that the Soviet Government had frequently failed even to answer visa applications by high American officials. For the text of the Assistant Secretary's statement, see Department of State *Bulletin*, March 27, 1949, page 392.

In the days that followed there were press reports from abroad that would-be delegates from Great Britain, France, Brazil, and Italy had not received necessary visas which would admit them to the United States for the New York conference. Michael J. McDermott, Special Assistant to the Secretary of State for Press Relations, made it clear to representatives on March 22 that the Department of State had issued visas only to those delegates to the New York conference who had been designated by their governments and sent officially. McDermott explained further that inasmuch as the Communist side of the case would be adequately represented, it was not necessary to grant visas to unofficial delegates from outside Eastern Europe. The substance of McDermott's statement to the press was included as the lead item of the Department of State Wireless Bulletin for March 22 (No. 68). (The Wireless Bulletin, the official news service of the Department of State, was prepared by the Division of International Press and Publications and transmitted daily by radio to various foreign service posts abroad. Bound volumes of the Wireless Bulletin are retained in the Library of the Department of State.)

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800.00B/3-1649 : Telegram

*The Secretary of State to the Embassy in the Soviet Union*<sup>1</sup>

RESTRICTED      US URGENT      WASHINGTON, March 16, 1949—7 p. m.

162. FYI with further reference visas Cultural Scientific Conference for Peace Dept instructed Warsaw, Praha, Bucharest, Belgrade

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<sup>1</sup> Repeated to Warsaw as 160, Praha as 318, Belgrade as 127, Bucharest as 79, and Budapest as 225.



issue limited official 3(1) visas<sup>2</sup> which as in case visas issued Sovreps will carry no diplomatic privileges or immunities and valid only for purposes of conference. Budapest being turned down on ground improper treatment by Hungarian Govt representatives US Mission. No application received from Bulgaria. Dept instructing missions non-curtain countries where applications have been received from private individuals to deny visitors visas Communists or Communist sympathizers on ground Dept not prepared recommend Attorney General permit admission under Ninth Proviso.<sup>3</sup> Other private applicants will be issued visitors visas provided Mission fully satisfied not inadmissible under Act Oct 16, 1918.<sup>4</sup> No requests for 3(1) visas anticipated outside curtain countries.

Press release gives as ground issuance official visas reps orbit countries principle freedom of speech and info and states Dept fully aware close relationship Breslau Conf<sup>5</sup> and entertains no illusions manner in which Communists will attempt use present conf, refers previous efforts cultural exchanges, states hopes ultimate understanding all peoples which possible only where peoples under totalitarian regimes can bring about relaxation present barriers.<sup>6</sup>

ACHESON

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<sup>2</sup> Section 3, (1) of the Immigration Act of May 26, 1924, as amended, defined those categories of persons entitled to receive official visas. For text, see United States Department of Justice and Immigration and Naturalization Service, *Immigration and Nationality Laws and Regulations As of March 1, 1944* (Washington, Government Printing Office, 1944), p. 41.

<sup>3</sup> Proviso 9 of Section 3 of the Immigration Act of February 5, 1917, as amended and supplemented, authorized the Commissioner of Immigration and Naturalization with the approval of the Attorney General to control and regulate the admission and exclusion of otherwise inadmissible aliens applying for temporary admission into the United States. For text, see *ibid.*, p. 7.

<sup>4</sup> The Act of October 16, 1918, entitled "Exclusion and Expulsion of Anarchists and Similar Classes", defined various categories of persons excluded from entry into the United States. For text, see *ibid.*, pp. 77-79.

<sup>5</sup> Regarding the launching of the Communist "peace campaign" at the World Congress of Intellectuals in Defense of Peace, held August 25-28, 1948, at Wroclaw (Breslau), Poland, see the Department of State paper of December 9 on the "Soviet Peace Offensive", p. 839.

<sup>6</sup> Regarding the press statement under reference here, see the editorial note, *supra*.

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800.00B/3-1849

*Off-the-Record Statement by the Secretary of State*<sup>1</sup>

[WASHINGTON, March 17, 1949.]

Before I go into the main theme of what I want to talk about this morning, I might give you an illustration of the type of problem which

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<sup>1</sup> The Secretary of State made this statement just prior to making an address to a session of the National Conference of National Organizations meeting at the Department of State.

The source text was an enclosure to a copy of a letter of April 6 from the

we have to decide here almost every day. Yesterday we announced that we were issuing visas for official delegations from the Soviet Government, the Czechoslovakian Government, and the Rumanian Government to come here to the United States to participate in a conference which is being called in New York to discuss world peace. We knew, of course, when we made that decision that whichever way we decided it, we were going to be criticized. It seemed to us a very simple approach was necessary. If you are going to be criticized anyway, you might as well be criticized for doing the right thing as the wrong thing. Now, what was the right thing to do? It is not an easy matter to decide. We knew, of course, that these delegations are official Communist delegations. There is no secret about it, they are put forward by their own governments as representing exactly that. Therefore, they come to the United States to give the official Communist line, to spread the official Communist propaganda, and to attack American policy and American institutions. One might conclude from that that they should be excluded. It seemed to us that the basis of the decision is not what duty is owed to these people, because no duty is owed to them at all. The question is what is the duty that we owe to ourselves and to the principles for which we stand?

Now what are those principles? They are that we believe and have advocated, in international meeting after international meeting, the vital importance of freedom of information. We believe that that is essential. We also believe that moral and spiritual qualities do not grow in strength by being allowed to become atrophied. We believe, with Justice Holmes, that the best test of truth is the power of the idea to get itself accepted in the market place of the mind. We believe that we should be ready at all times to hear and answer the most fundamental criticisms and attacks upon our most fundamental

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Secretary to the journalist and writer, Dorothy Thompson. In the letter, the Secretary explained government policy on the issuance of visas to foreign delegates to the New York Cultural and Scientific Conference for World Peace as follows:

"In granting and refusing visas for this meeting we had a difficult practical problem to deal with. A distinction was made, as required by the terms of the Immigration Act, between persons who applied for visas as officials of foreign governments and those who applied as individuals. We granted official visas to those persons who, regardless of political beliefs, were named as delegates by their respective governments. These visas were cancelled at the termination of the business for which they were issued. We rejected the applications of Communists who applied as individuals, since under the terms of the Act we are required to exclude persons who are members of, or affiliated with, any organization which advocates or teaches the overthrow by force of the government of the United States. The only exception to this is on a finding by the Attorney General, on the recommendation of the Department of State, that admission would be in the national interest. We did not make such a recommendation."

The Secretary's letter was in reply to a letter of March 18, not printed, in which Miss Thompson had urged the Department of State to take measures to counter the Soviet propaganda likely to come from the Conference (800.00B/3-1849).



beliefs. Therefore, we said we must approach this, not from a timid point of view, not from the point of view of saying, "you have put up an iron curtain against the world in your countries, therefore, we shall put up an iron curtain here," but saying, "we can take it and we can dish it out; you send the toughest boys you have, let's hear what they have to say and we will tell them what we have to say."

Now, there may be simple-minded people in the United States who will be misled. Perhaps some people will be deceived by this, but by far the greater number will be strengthened by having exercised this power to meet criticism and to answer criticism. Now, that is the basis on which we proceed, and we will bear whatever chastisement comes to us, in a philosophical and humble way, but still firm in the belief—

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711.61/3-1949 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

CONFIDENTIAL

Moscow, March 19, 1949—5 p. m.

701. We consider increasingly clear Kremlin developing mammoth spring "war scare/peace offensive" and believe important Department make careful plans to meet and handle, preferably in close cooperation with our allies (Embtels 568, Paragraph 5, March 5,<sup>1</sup> and 578, March 6<sup>2</sup>). As we see it, two steps are essential :

(a) Beginning immediately, constant and continuous analysis and public exposure of Soviet propaganda to show both alleged peace movement and developing war scare are artificially, deliberately "made in Soviet Union" in order promote Kremlin's foreign policy objectives; and

(b) Early authoritative statement minimum conditions acceptable to West Powers for any real "settlement," designed to undercut highly publicized inadequate Kremlin "peace offer" which may well follow maximum development spring propaganda campaign.

Suggest (a) perhaps best accomplished by speech level Assistant Secretary Public Affairs, exposing origin and purpose various current Soviet propaganda lines and efforts, supplemented by regular weekly analysis featured VOA and provided US radio and press, as well as stimulation and assistance special private articles this subject (Embtel 615, March 10; <sup>3</sup> Secretary Allen's statement on American "peace conference," <sup>4</sup> excellent start). Peace offensive and war scare are reverse sides of same medal, both having many facets. Practically

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<sup>1</sup> *Ante*, p. 585.

<sup>2</sup> Not printed.

<sup>3</sup> Not printed. It expressed the view that the forthcoming Cultural and Scientific Conference for World Peace in New York was an instrument in the current Soviet "peace offensive/war scare" propaganda campaign (800.00B/3-1049).

<sup>4</sup> Regarding the statement under reference here, see the editorial note, p. 808.



everything Soviet authorities, Satellites and stooges have been doing, and will do, in coming weeks will be blended into rising chorus of confusion, doubt, hatred and fear. Main elements, many already apparent, worth particular attention seem to us :

(1) While not major item, extent Soviet desire confuse and mystify outer world and leave impression impending change in Soviet foreign policy well illustrated by cryptic announcement Molotov-Mikoyan "relief" from Ministries<sup>5</sup> and prohibition Moscow correspondents' comment over 24 hours while foreign press indulged wild speculations.

(2) Statements Thorez-Togliatti on Communist support Soviet Union,<sup>6</sup> now re-echoing throughout world, calculated identify Atlantic Pact with World War III, solidify Communist Party cores and spread feeling hopelessness and defeatism among ordinary people.

(3) Organization international meetings for "peace" stemming from Wroclaw Congress last August<sup>7</sup> and featuring end-March New York Conference Intellectuals, aimed whip up enthusiasm for April World Congress at Paris, following Atlantic Pact signature and coinciding UNGA.<sup>8</sup>

(4) Probable introduction spectacular Soviet delegation proposal UNGA, possibly resolution to outlaw regional military pacts, designed capture popular imagination, exploit GA propaganda possibilities and provide focal issue for concurrent Paris Congress.

(5) Major effort smear American and British diplomats and correspondents as "spies" through use clerical espionage trials East Europe and world-wide diffusion fantastic libellous Bucar book,<sup>9</sup> designed "unmask" undercover activities directed against Soviet Union and Satellites with aim provoking war. This supplements and supports continuing campaign against "war-mongers," who described as master diplomats.

(6) Real war scare already in making with reports Soviet troop movements to Finnish-Norwegian border, Satellite military threats on Yugoslav frontier, and apparent indiscretions ostensibly "drunken" Soviet officers (of which probably more to come). These likely be supplemented by initiation or intensification partisan activities in North Greece, South Yugoslavia, Iran-Iraq (Kurds), and South Korea. Just when all this will be brought to climax is difficult to estimate. Vigorous special efforts now being made against Atlantic Pact in Italy, France and Denmark are probably not with serious expectation preventing signature but rather with aim confusing and

<sup>5</sup> Regarding the changes in the Soviet Council of Ministers, see telegram 568, March 5, from Moscow, p. 584.

<sup>6</sup> On February 22, 1949, Maurice Thorez, Secretary General of the French Communist Party, told a session of his party's Central Committee that should the Soviet Army find it necessary to enter France in the course of another war, the French workers and people would be obliged to support Soviet forces. In a Rome newspaper interview on February 26, Palmiro Togliatti, Secretary General of the Italian Communist Party, expressed similar views.

<sup>7</sup> Regarding the Wroclaw Congress of Intellectuals under reference here, see the draft paper prepared by the Department of State, December 9, p. 839.

<sup>8</sup> The North Atlantic Treaty was signed in Washington on April 2; the Second Part of the Third Regular Session of the United Nations General Assembly opened on April 5.

<sup>9</sup> Regarding former Embassy employee Annabelle Bucar and her book *The Truth About American Diplomats*, see despatch 129, March 4, from Moscow, p. 581.

dividing popular support. Main effort will more likely be aimed at ratification process, especially in US, in hopes divided opinion or crippling amendments in Congress will in turn affect action European parliaments. With stops wide open on all themes, stage will be set for "peace offer" which we believe likely to follow if public reaction up to Kremlin hopes. As we see it, next move this nature will not be journalistic "Uncle Joe" approach, but ostensibly serious offer at government level. We venture guess it might include lifting Berlin blockade and concessions Austrian peace treaty, as warranty Soviet *bona fides*, in return for suspension Bonn Assembly and immediate convocation CFM to consider:

1. Formation all-German Government located Berlin;
2. Four-power control Ruhr and German reparations settlement;
3. Peace treaty and withdrawal occupation forces.<sup>10</sup>

Direct reference Atlantic Pact would probably be avoided, but move timed leave impression no longer necessary and thus affect finalization ratification procedures; though if propaganda campaign does not develop satisfactorily, Kremlin might delay and aim at discouragement implementation rather than ratification of Pact.

This brings us to recommendation (b) above, which we believe best accomplished major address Secretary of State or higher (or possibly Bevin on occasion visit to US for Pact signature), fully agreed beforehand with our principal allies. Referring to recurrent talk of settlement arising from Stalin replies to Wallace open letter (Embtel 936, May 18, 1948<sup>11</sup>) and INS questions (Embtel 242, January 31<sup>12</sup>), address might review history abortive efforts achieve just such settlement, then proceed to studied analysis conditions which would really remove tension poisoning international atmosphere, make possible normal political and economic relations between Soviet Union and rest world, and justify relaxation Western preparedness efforts.

Even if foregoing highly speculative prognosis wrong, we consider recommended steps advisable; if right, we believe them essential.

Sent Department; repeated Paris 95, London 68.

KOHLER

<sup>10</sup> Documentation on the subjects referred to here is presented in volume III.

<sup>11</sup> For the exchange of correspondence in May 1948 between Henry A. Wallace, former United States Vice President and Secretary of Commerce and currently candidate for President of the Progressive Party, and Marshal Stalin, see Margaret Carlyle, Ed., *Documents on International Affairs 1947-1948*, issued under auspices of the Royal Institute of International Affairs (London, New York, Toronto: Oxford University Press, 1952), pp. 160-164. For the telegram under reference here, see *Foreign Relations*, 1948, vol. IV, p. 870.

<sup>12</sup> For documentation on the exchange of communications between I.N.S. correspondent H. Kingsbury Smith and Marshal Stalin, including the telegram under reference here, see pp. 561-568.



*Editorial Note*

On March 23 the Department of State released to the press a 35-page study which summarized the efforts by the United States Government to establish and cultivate cultural and scientific exchanges with the Soviet Union. The study found that these efforts had been met by an unwavering Soviet policy of noncooperation graduating from passive resistance in the immediate postwar period to open obstructionism in 1948. After recounting case after case of Soviet evasion of American efforts in this field, the study concluded:

"The only conclusion that can be drawn . . . is that the Soviet Government fears a free exchange of ideas because of a realization that thirty years of Communism have failed to provide the patient Soviet people with a living standard anywhere approximating that enjoyed by the workers in the United States; because thirty years of Communism have deprived the Soviet people of freedom of thought and action, freedom which once experienced through contact with American people or American books will make them ill-content with their life in the Soviet Union."

The Department's study was circulated as Press Release No. 182, March 23, 1949.

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800.5043/3-2349 : Circular airgram

*The Secretary of State to Certain Diplomatic and Consular Offices*<sup>1</sup>

SECRET

WASHINGTON, March 23, 1949—4:10 p. m.

Following the withdrawal of the CIO, British TUC and Netherlands Federation of Labor (NVV) from the World Federation of Trade Unions (WFTU), the Executive Bureau of the WFTU resolved to hold an Asiatic Trade Unions conference in Peiping at the end of May or early in June and invite all WFTU members as well as some unaffiliated unions to attend. Included in those that are certain to be invited will be the organizations from Siam, the Philippines and Japan, whose "applications" for affiliation with the WFTU were approved by the Executive Committee following the split. (No formal application by Japanese unions is known of here.) A large delegation, including WFTU Secretary-General Saillant (Communist-controlled French CGT), Rostovski (Soviet Assistant Secretary WFTU), Monk (Australia)\*, Suzine (International Dept USSR Trade Union Coun-

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<sup>1</sup> This airgram was transmitted to the missions in Bangkok, Batavia, Bombay, Calcutta, Canberra, Canton, Colombo, Karachi, London, Manila, Moscow, Nanking, New Delhi, Peiping, Rangoon, Saigon, Seoul, Shanghai, Singapore, Tokyo, and Wellington.

\*Monk [Albert Monk, Secretary of the Australian Council of Trade Unions], as a non-Communist and the representative of the Australian Council of Trade Unions, which is expected to withdraw from WFTU membership shortly, may decline to participate. [Footnote in the source text.]



cil) and Liu (China),<sup>2</sup> were reported to be leaving very soon for visits to the countries of the Middle and Far East for the purpose of organizing the conference. Rostovski and Liu are said to be heading the arrangements. A reliable, secret source has reported that Comintern circles in Paris attach great importance to this conference and that a very large budget for travel, propaganda, etc. has been established.

The Department views the planned Asian meeting as an important move in the overall Communist program for Asia and requests the field to keep it informed of related developments of significance. Included in the information desired are: reactions in Asian countries to news of WFTU split; possible courses of action of WFTU Asian member bodies; information concerning activities of members of WFTU delegation while in Asia. The Department believes discreet conversations with known non-Communist labor leaders, provided satisfactory relationships with them have already been established, might be useful. While the details related in this, and the circular airgram of February 7, 1949, entitled "Communist Trade Union Emphasis on Asia",<sup>3</sup> are secret, the facts regarding the WFTU split, the probable withdrawal of other trade union centers, and the expectation that a new non-Communist body will be formed are unclassified and should be widely publicized.

Follow-up messages concerning WFTU plans in Asia will be sent as significant information becomes available.

The following background material relating to the causes of the split in the WFTU and developments looking towards a new non-Communist labor international is forwarded for your information:

1. The withdrawal, in January 1949, of the American, British and Netherlands members of the Communist-dominated World Federation of Trade Unions has set in motion a train of events of direct interest to the Department and to United States Missions abroad.

2. The split in the WFTU, founded in 1945, results basically from (1) the East-West cleavage as reflected in the labor movement, and (2) Communist exploitation of their control of the WFTU Secretariat for Communist propaganda and organizational ends. The British Trades Union Congress (TUC), the CIO, and the Netherlands Federation of Labor (NVV), having come to the conclusion that they could no longer remain associated with the organization, broke their connection at the January meeting of the Executive Bureau. They are now circulating a statement of the reasons for their action to the other democratic members, who are expected, in the main, to follow their example. The AFL refused from the beginning to be associated with the WFTU and has waged an unrelenting campaign against it.

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<sup>2</sup> Of the persons referred to here. Louis Saillant was an officer in the Confédération Générale de Travail, S. N. Rostovski was an official in the All-Union Central Council of Trade Unions of the USSR, and Liu Ning-yi was Vice President of the Chinese Trade Union Congress.

<sup>3</sup> Not printed.

3. The withdrawal of these non-Communist trade union "centers" (national federations) from the WFTU is a welcome development from the standpoint of United States policy and interests. However, the present transitional phase, which finds the Communists in undisputed control of the WFTU apparatus while the democratic centers move slowly towards formation of a new non-Communist "international", presents complications with which the Department must be concerned.

4. Even after the withdrawal of practically all the non-Communist centers, which may be expected to take place during 1949, the WFTU will remain far more active and influential than the pre-war Profintern (Red International of Labor Unions). The affiliation of the majority centers in France and Italy (CGT and CGIL), which are still under Communist control, provides a Western European base useful for propaganda purposes. (Note that Di Vittorio,<sup>4</sup> head of the CGIL, was elected as President to succeed Deakin,<sup>5</sup> of the TUC, immediately following the split.) The WFTU will have at its disposal a number of Communist-controlled affiliates in Latin America, the Near and Far East, and colonial areas. It will no doubt continue to exploit, at least as skillfully as it does at present, its "consultative" status in the UN/ECOSOC, and in the UN Specialized Agencies, including notably the International Labor Organization. In non-European areas especially, it will be able to capitalize, at least for the time being, on its claim to be the only functioning labor international capable of aggressively defending the rights of workers and their organizations. Even within those areas where labor is predominantly anti-Communist, it may succeed in enrolling individual Communist controlled unions in the "trade departments" it proposes to establish, and perhaps in the WFTU itself.

5. The Second Congress of the WFTU, now scheduled to meet in Milan in June 1949, may reveal the broad outlines of the WFTU's strategy and tactics under completely Communist management.<sup>6</sup> It is already evident, however, from the decisions taken by the Executive Committee meeting held in Paris following the split (January 1949) that the WFTU will immediately intensify its propaganda and organizational activities in the Far East, to which agents and funds have been assigned in preparation for an Asiatic Regional Conference.

6. The International Trade Secretariats (international associations on a craft or industrial basis), the ERP-Trade Union Advisory Committee, and the Inter-American Federation of Labor continue to exist as regional and functional centers upon whose support for major U.S. policy aims we can count. Initial discussions are also in process looking toward the formation of a non-Communist Asian federation. However,

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<sup>4</sup> Giuseppe Di Vittorio, Responsible Secretary of the Italian General Confederation of Labor and member of the Central Committee of the Italian Communist Party.

<sup>5</sup> Arthur Deakin, General Secretary of the British Transport and General Workers' Union and Chairman of the General Council of the British Trade Union Congress.

<sup>6</sup> A 29-page report on the Second World Congress of the World Federation of Trade Unions, held in Milan, June 29-July 11, 1949, was transmitted to the Department as an enclosure to despatch 954, July 19, from Rome, neither printed. The report cautioned that while the Congress did not receive much publicity outside the left-wing press, it was of substantial propaganda and morale value for the 253 representatives of 53 countries attending (800.5043/7-1949).



the impetus for an effective international of world-wide scope must come from Western Europe and North America.

7. It is generally recognized by the leading democratic organizations of Western Europe and the United States that they must proceed as quickly as possible to organize an effective democratic international, capable at once of promoting labor's interests and countering the WFTU. Unfortunately, the process is likely to be slow, and is not expected to result in the establishment of a new organization before the end of this year. Most of the democratic trade union centers must still make the decision, in the light of their respective constitutional structures and political circumstances, to leave the WFTU.† Some of these may be reluctant to join a new democratic international in the near future, preferring, for reasons of labor and national politics, to remain in an autonomous position. Furthermore, the TUC, AFL, and CIO must reconcile what now appear to be acute differences of policies and personalities. Prior agreement among these three is an essential condition of wider negotiations for establishment of the new international.

8. Among the more serious obstacles which must be overcome in this initial phase are (a) mutual distrust among the three organizations arising out of considerations of prestige as well as rival conceptions of the scope and nature of the functions of a new international; (b) failure of the American organizations to reach, so far, an agreed basis for American representation, regarded by the TUC as a condition of successful negotiations; and (c) certain personality conflicts, including those centering around the choice of a secretary-general for the new organization.

9. The forthcoming conversations between the TUC, on the one hand, and the AFL and CIO on the other, to take place in this country towards the end of March, should reveal whether the area of agreement is wide enough to permit rapid advance towards a new international.

ACHESON

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†The Irish and Canadian affiliates have already, in effect, signified their intention to withdraw. The Scandinavian and Benelux centers (in addition to the NVV) and Switzerland may be expected to follow without much delay. Austria, Australia and New Zealand will probably take action before the end of the year. This will leave a Russian dominated WFTU with affiliates drawn principally from Soviet Russia and her satellites, including the Soviet Zone of Germany; the majority movements in France and Italy; and Communist-dominated organizations in Latin America, Asia, and Africa. [Footnote in the source text.]

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800.00B/3-2549

*Memorandum by the Chief of the Division of Eastern European Affairs (Reinhardt)*

[WASHINGTON,] March 25, 1949.

Subject: Peace Conference in Waldorf Astoria

Mr. Hooker<sup>1</sup> telephoned this morning from New York to invite attention to the announcements in the New York morning press that

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<sup>1</sup>Robert G. Hooker, Jr., Associate Chief of the Division of Eastern European Affairs.



metropolitan police had changed their previous plans to restrict picketing and demonstrating around the Waldorf-Astoria Hotel and had decided to remove all restrictions in this regard. Mr. Hooker added that the atmosphere was rather charged and that he feared that unless special measures were taken the demonstrations might well get out of hand and produce ugly incidents. He suggested that the Department should convey to Mayor O'Dwyer its concern in this regard.

I conveyed the foregoing to Mr. Allen who telephoned Mayor O'Dwyer of New York and informed him of the Department's concern that no incidents be permitted to take place either in the vicinity of the hotel or within the meetings themselves. The Mayor replied that he fully understood the Department's position and could give assurances that nothing untoward would happen outside the meetings. It was a little more difficult within the meetings themselves but he admitted that certain measures could be taken with a view to precluding any breaches of public order.

F. REINHARDT

800.00B/3-2549 : Telegram

*The Ambassador in France (Caffery) to the Secretary of State*

[Extracts]

SECRET US URGENT  
NIACT

PARIS, March 25, 1949—1 p. m.

1225. In light of information contained in Deptel 908 and Department's explanation to press received in Radio Bulletin 68 re refusal of visitors' visas to French nationals invited to "world peace" conference,<sup>1</sup> New York, I have decided to make no reply to Joliot-Curie's<sup>2</sup> and other letter received protesting Dept's action.

I venture to suggest that time has come for overall US Government policy decision to be taken at highest levels re readmission to US of representatives of Communist and Communist-front organizations from (a) USSR and iron curtain countries, and (b) rest of world, bearing in mind special public relations aspects in countries like France with important and highly-organized Communist Party.

<sup>1</sup> The telegram under reference here is not printed. Regarding Press Officer McDermott's statement to the press, as reported upon in the Department of State Wireless Bulletin of March 22 (No. 68), see the editorial note, p. 808.

<sup>2</sup> Jean Frédéric Joliot Curie, professor at the Collège de France and French High Commissioner for Atomic Energy.

While this decision must naturally take all account of peculiarities our immigration laws as well as security considerations, it should in my opinion be primarily based on its potential effectiveness in cold war. In this connection, please see Embtels 984 and 1037, March 10 and 14.<sup>3</sup>

From Paris there would appear to be three alternatives:

(1) Extension to resolution of world of policy enunciated by Assistant Secretary Allen on March 16 of granting visas on basis US "devotion to freedom of information and free speech on any issue."<sup>4</sup>

(2) Refusal of visas to all representatives of Communist or Communist-front organizations on both sides iron curtain, proceeding to private or unofficial conference.

(3) Maintenance of present policy toward USSR and satellite nationals and refusal of visas to nationals of free countries on basis highly-publicized major policy decision.

If third alternative is chosen, I believe we would at least be in better position from propaganda point of view if it were based on some such argument as the following:

In Communist and Communist-dominated countries, political liberty does not exist and access to free information is denied; consequently, only opportunity for national these countries to be exposed to free exchange information is by attending conferences outside iron curtain. US would not care to deny this opportunity to such persons even when they are traveling on orders of government clearly opposed to freedom of information. Nationals of countries possessing free institutions, however, have not excuse of either ignorance or constraint and consequently it can be assumed they are Communist by their own free choice and conviction and as such enemies of US political and social systems. Under circumstances their admission to US cannot be recommended on grounds of national interest.

Basis distinction in granting or refusing visas for "world peace" conference appears to have been "official" character USSR and satellite delegates, even though conference was "private". While this distinction may have sound legal basis under immigration laws, it appears highly technical to foreign opinion. From viewpoint of cold war, it not only fails to furnish convincing justification but has in our opinion adverse propaganda effect.

CAFFERY

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<sup>3</sup> Neither printed.

<sup>4</sup> Regarding the statement under reference here, see editorial note, p. 808.

811.00B/6-149

*Memorandum by the Assistant Secretary of State for Public Affairs  
(Allen) to the Assistant Secretary of State for Administration  
(Peurifoy)*

SECRET

[WASHINGTON,] March 28, 1949.

While I would refuse visas to any person who is likely to engage in subversive activities or sabotage, I would *not* use the visa power to prevent discussion, regardless of the political views of the applicant. I consider it in the national interests of the United States to encourage discussion. I am confident that by this means we shall strengthen democracy rather than weaken it. We grow strong by the fullest competition of ideas in the open.

The Soviet Union is growing weak by forbidding any discussion. We should follow the exactly opposite policy from the USSR and other totalitarian regimes. Tom Dewey<sup>1</sup> made a remarkably good case for keeping the Communist Party out in the open, where we can look at it. The more people see of it, the less they will like it, in my opinion.

The more Henry Wallace talked during the last campaign, the more votes he lost because his ideas were not sound. When he expressed them, their hollowness became apparent. If he had not been permitted to speak, he might have got 5,000,000 votes, due to ignorance of his real views and emotional sympathy both for him and his spurious "peace" policy.

I am confident that Shostakovich *et al* are losing more friends for Communism than they are gaining by their present performance in New York and that it would have been a serious mistake to have forbidden their entry.

I consider it in our national interests to let foreign communists and fellow travelers have their say here because: (1) it is better to depend on reason rather than police power to defend ourselves against non-democratic argumentation; (2) every communist who comes here learns something about the United States and is to some extent less susceptible to the falsehoods Radio Moscow tells about the United States; and (3) we carry out unswerving devotion to freedom of speech.

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<sup>1</sup> Thomas E. Dewey, Governor of New York and unsuccessful Republican Party candidate in the presidential elections of 1944 and 1948.



As regards Nenni, Cot and Zilliacus,<sup>2</sup> I do not believe they will be able to engage in subversive activity or sabotage while here. Consequently I recommend that the Department inform the Attorney General that in our view their admission is in the national interests. We should inform Mr. Dubinsky of our actions.<sup>3</sup>

GEORGE V. ALLEN

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<sup>2</sup>The reference here is to Pietro Nenni, Secretary General of the Italian Socialist Party; Pierre Cot, Deputy in the French National Assembly regarded as a Communist fellow-traveller; and Konni Zilliacus of the British Communist Party, who had applied for visas to visit the United States in order to accompany Henry A. Wallace in a speaking tour to oppose the North Atlantic Treaty Organization. In late April the Department of State and the Department of Justice concurred in denying the applications for visas on the grounds that their activity would not be in the national interest of the United States.

<sup>3</sup>In a memorandum of June 1 to then Deputy Under Secretary of State Rusk, not printed. Assistant Secretary Allen stated that his views on visas set forth in the document printed here applied in principle to the issuance of passports to American Communists and sympathizers. Allen's memorandum concluded as follows:

"I am opposed to totalitarianism and police-state methods with every fibre of my being. I am convinced that the Soviet Union, the chief exponent of totalitarianism today, is out to dominate the world and must either change or be defeated. I am equally convinced that we shall accomplish this result best by avoiding any semblance of the police state in our own country. When we use police power to prevent the propagation of ideas, however repugnant those ideas may be, we are heading in the dangerous direction of 'thought police'. We must rely, as Justice Holmes so well said, on the ability of our democratic ideals to stand up in the competition of the market." (811.00B/6-149)

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800.00B/3-2949 : Telegram

*The Secretary of State to the Embassy in France*

SECRET

WASHINGTON, March 29, 1949—7 p. m.

991. Reference April 20 Paris "World Congress of Supporters of Peace".<sup>1</sup>

1. Depts position toward meeting is same as toward recent New York Conference, i.e. While American people and US Govt welcome all sincere moves toward and discussions of methods for achieving peace, they have no illusions about such rigged "congresses", real purpose of which is not attainment peace but glorification USSR and communist parties, vilification democratic nations and confusion among true liberals in view constituting two opposing blocks, extreme right and extreme left, and destruction "Third Forces" throughout world.<sup>2</sup>

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<sup>1</sup>Regarding the World Congress of Partisans for Peace, see editorial note, p. 826.

<sup>2</sup>This paragraph was subsequently transmitted to all diplomatic missions in a circular telegram of April 8. The Department added that appropriate materials would be sent to all missions for dissemination through local outlets in order to "debunk" the Communist "phoney peace movement". The missions were also authorized to inform the governments to which they were accredited of this official American view of the Paris congress (800.00B/4-849).

2. Dept will inform Emb decision re granting or refusal passports to American citizens desiring attend Paris Congress.<sup>3</sup> Emb views this question desired soonest. On release in USA such decision or similar newsworthy occasion Asst. Sec. Allen will probably make public statement expressing Dept's view about Americans attending or desiring attend Congress.<sup>4</sup>

3. However since Congress to be staged in Fr, Dept will avoid any statement smacking of interference Fr domestic affairs.

4. Dept anticipates providing Emb before Paris Congress with material concerning New York Congress, texts major speeches pronounced there, American public reactions to same (press, radio), and generally material which will permit debunk this perhaps culminating phase phony peace movement. However in light (3) above Emb. shld study possibility disseminating such material through Fr sources in labor, intellectual and religious circles rather than through normal USIE media. Dept believes Chipman,<sup>5</sup> Tyler<sup>6</sup> could prepare appropriate contacts for use such materials.

5. Since Paris Congress culmination series similar meetings to bolster Sov peace offensive, Emb might wish, if this appears feasible, explore possibility suggesting to Fr. Govt. that top rank Fr. official debunk Congress in advance while stressing that very fact Congress can be held shows France's respect for freedom of speech and confidence in strength democratic faith Fr. people.

6. Emb may find opportunity discreetly point out to Fr. Govt. that weakest propaganda aspect for USA at New York Congress was picketing and low level abusive attacks by certain elements press radio. Lofty scorn for and ridicule of those who assume man infinitely and eternally gullible seem better weapons than violence, physical or moral, directed against those who would obviously welcome martyrdom.

7. Emb's opinion urgently requested on desirability of prompting some strong non-communist Americans to request attend Paris Congress to present democratic point of view. This with idea that refusal admit them would expose true nature congress, acceptance would permit carry campaign into opponents' camp.

8. Dept assumes Emb will require biographical data participating Americans if passports granted and Dept will endeavor supply same.

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\* In telegram 1124, April 8, to Paris, not printed, the Department explained that it was official policy to deny passports to Americans whose purpose in travelling abroad was believed to be subversive. The Department would not, however, deny passports to Americans to attend the Congress of Partisans for Peace unless there was evidence in individual cases of subversive or clandestine intentions (800.00B/4-149).

<sup>4</sup> Assistant Secretary of State Allen did not, in fact, make a public statement regarding the Paris congress.

<sup>5</sup> Norris B. Chipman, First Secretary at the Embassy in Paris.

<sup>6</sup> William R. Tyler, Counselor of the Embassy in Paris.

Assumes Emb has data on participating Fr nationals. Unless specifically requested Dept will not supply data on participants other nationalities.

9. Dept will welcome fullest possible daily cabled reports (supplementing correspondents' despatches), for which Emb may be able arrange, overtly or covertly. Special slug "For VOANY" to indicate material usable Voice of America. For such Voice material source or attribution helpful but not essential.

10. After end Congress Emb report on impact on Fr public opinion will be welcomed by Dept.

ACHESON

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761.00/4-149 : Telegram

*The Ambassador in the United Kingdom (Douglas) to the  
Secretary of State*

SECRET

LONDON, April 1, 1949—1 p. m.

1306. 1. We have discussed Moscow's 701 to Department March 19,<sup>1</sup> repeated Paris 95 with [Robert M. A.] Hankey, head Northern Department, and [Roger] Allen, head UN (Political) Department, Foreign Office.

2. Hankey said Moscow telegram coincides closely Foreign Office thinking. Agrees that tempo of war scare propaganda is rising simultaneously with all-out peace propaganda offensive. Doubts whether Russia will go as far as Moscow telegram suggests in working up war scare, because consensus British experts is that Russia not yet prepared for war and will avoid risks which might conceivably lead actual hostilities.

3. Hankey also expects we shall soon be confronted by actual "peace overtures" and offers to "settle" our differences. Believes these proposals will concentrate on Germany and involve offers to withdraw all occupation forces and establish central government; and may also relate to Austria.

4. Hankey and Allen inform us that British delegate to GA fully briefed with respect to position to be taken should Russia launch peace proposals there. Allen doubts whether peace overtures will be made in GA but does not exclude this. If made elsewhere he expects Russians will try inject peace proposals into GA sessions.

5. Foreign Office not worried about effect peace offensive on British people who are now thoroughly conditioned brains and suspicious of Russian maneuvers and would not be taken in. However, Foreign Office believes peace offensive and proposals will have repercussions on continent where many people still disposed to grasp at straws.

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<sup>1</sup> *Ante*, p. 812.



Foreign Office, therefore, agrees it is of highest importance steps be taken to counteract Russia's current propaganda effort which is so obviously designed to drive wedge between Western peoples and their governments and between Western Europe and US and UK. Hankey agrees Moscow Embassy's suggestion special counter-measures be taken in information field to analyze and expose Russian peace propaganda, and informed us they have already taken special steps to disseminate such information, and are ready step up these efforts. We can confirm British press has recently devoted unusual amount editorial and reporting space to current Soviet peace maneuvers.

6. With respect to point *b* in Moscow telegram, Hankey has also been considering desirability of high US or British official delivering major speech, but he is uncertain whether desirable such statement be made before Russia comes out with actual proposals or after. However Hankey feels it may be tactical mistake to limit such statement to "minimum conditions". He thinks we should set our sights high and should indicate, for example, that a settlement must involve the establishment of really democratic governments in satellites and even restoration of sovereignty to Baltic states. Hankey's reasoning is that if we make minimum proposals, Russia might well accept them as a basis for discussions in order impress world opinion that Russia peacefully motivated, again proceed to tie us up in endless and fruitless discussions, and then try to fasten responsibility for a breakdown on us. If, however, Russia is determined to effect a *détente*, we have nothing to lose by stating a good many conditions.

7. Following our view of Moscow telegram and Foreign Office comment:

8. As far as British public is concerned it remains calm in face current war scare propaganda and unimpressed by peace offensive. At same time, it believes that we should patiently look for opportunities to effect a *détente*, and similarly stand ready to consider any Russian offer which looks like a reasonable basis for reopening of discussions. This is also characteristic of government attitude. For this reason there will be strong but cautious reaction here if Russia makes peace offer which has appearance of being serious.

9. Whether major US or UK pronouncement is made before or after any Russian proposals is not very important in terms of British public opinion, although it may be important to public opinion in less stable countries for us to take initiative.

10. Confidence in Russia now so shattered British public does not see how any real agreement can be reached or any large measure of confidence in Russia can be restored except over long period of testing Soviet *bona fides*. It will take more than peace treaty with Austria or lifting blockade to overcome now pervasive suspicion here of Russian double-dealing. We think what British public would therefore want to

see in any major statement, in addition to those suggested in Moscow's telegram, is some reference to how we can secure a *détente*, as well as how we can establish relations with Russia on a long term basis.

11. In re point *b* and Hankey's view of it expressed in paragraph 6 above, we therefore suggest that should any statement be made, consideration be given to wording it in such a way that it deals with this long term problem. We suggest, for example, that statement might indicate that fundamental differences exist between us arising from the destruction of democratic processes in satellite countries, suppression of individual liberties, etc., etc.; secondly, that because of these fundamental differences, a stable and durable relationship can only be established by stages as confidence is gradually restored and suspicion reduced; and thirdly, that this can best be accomplished one step at a time by arriving in the first instance at agreements with respect to the danger points, then passing on to other problems as a measure of confidence is built up.

12. As we see it such an approach has the advantage of not committing us to either minimum or maximum conditions; gives us tactical flexibility in the event of negotiations; helps establish our moral position; tells the people at home and abroad brutal truth; further educates them in the realities of the situation and checks wishful thinking; does not prejudice our continuing to make defense arrangements; and gives us a powerful weapon to counteract Soviet propaganda.

Sent Department 1306, repeated Moscow 33, Paris 251.

DOUGLAS

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### *Editorial Note*

The World Congress of Partisans for Peace was held in Paris, April 20-25. The initiative for the congress apparently came from the International Liaison Committee of Intellectuals for Peace, a body set up at the conclusion of the Communist-dominated World Congress of Intellectuals in Defense of Peace, held in Wroclaw, Poland, in August 1948 (see page 841). Over 2,000 delegates—including some prominent non-Communists—from 42 countries and a number of international organizations attended the congress. In view of the pro-Communist character of its organization committee, the proposed agenda, and the opposition of non-Stalinist leftists and liberals, the congress was widely recognized as a Communist enterprise. The transactions of the Paris congress were extensively reported upon in the world press. A detailed 121 page report on the congress was transmitted to the Department of State as despatch 535, June 7, from Paris, not printed (800.00B/6-749).

A special section of the World Congress of Partisans for Peace was hastily convened in Praha, April 20-25. According to the detailed



report, transmitted to the Department as despatch 307, May 10, from Praha, not printed, the Praha conference appeared to be composed chiefly of those delegates (nearly 400 in number) who had been refused permission to enter France to attend the Paris congress. The Praha conference included delegations from the so-called Provisional Democratic Government of Greece (the Greek rebels), anti-Tito Yugoslavs, and a substantial contingent from Communist China (800.00B/5-1049).

On April 21 Michael J. McDermott, Department of State Press Officer, expressed the official U.S. reaction to the Paris congress as follows:

"The Paris conference is merely another in the series of conferences which have followed the parent conference held at Breslau last year and is similar in motivation to the one recently held in New York. It is part of the current Cominform effort to make people think that the Soviet Union alone favors peace and that all the Western powers are governed by warmongers. The same group of performers will go through their acts in Paris as they have done before.

The Department of State has taken no action to encourage or discourage the conference. No American has been denied a passport to attend. We are confident that this conference, like the one in New York, will expose the position of those who, while claiming to be free men, follow a dictated party line." (Department of State Wireless Bulletin, No. 94, April 21, 1949, page 8)

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800.5043 F.T.U.I./5-1249: Circular instruction

*The Secretary of State to Certain Diplomatic and Consular Offices*<sup>1</sup>

CONFIDENTIAL

WASHINGTON, May 12, 1949.

The Secretary of State refers to the recent split in the World Federation of Trade Unions (WFTU), to the moves of the WFTU since the split, and to the preparations for formation of a democratic anti-Communist international labor federation, which are of importance to United States foreign policy interests, and encloses a paper, "International Labor Movements after the WFTU Split", analyzing these developments.<sup>2</sup>

In addition to the general suggestions to the Officers in Charge in the Summary and Recommendations section of the attached paper, the Department requests the Officers in Charge to keep it informed of any significant developments in this field. The Department believes that discreet conversations with known non-Communist labor leaders—provided satisfactory relationships with them have already been established—might be useful in (1) obtaining information on

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<sup>1</sup> This instruction was sent to 70 missions in all parts of the world.

<sup>2</sup> *Infra.*



the plans of the WFTU and its present affiliates, and on the plans and attitudes of labor organizations never affiliated with the WFTU, in (2) making known the reasons for the split in the WFTU and the plans—if and when positive plans are forthcoming—for a new democratic international labor federation, and in (3) making known abroad the attitudes of the democratic labor organizations of the United States. It is the Department's belief that the activities of the major United States labor organizations can be of importance in furthering United States policy aims, and in countering Communist attempts to infiltrate and subvert labor organizations.

Since the enclosed paper was written, the American Federation of Labor (AF of L) and the Congress of Industrial Organizations (CIO) have reached agreement to have the British Trades Union Congress call a preliminary meeting, in Geneva, June 25 and 26, to lay the basis for a new international labor body. This meeting will probably appoint a provisional committee to draft the statutes of an international, for consideration at a full-fledged conference of democratic labor organizations. The prestige relations between the two American organizations are resolved by provision for affiliation by the AF of L on the basis of 7¼–7½ million members, the CIO on the basis of 6 million, with each to have a vice-president if the new organization's structure provides for such officers. Although differences of opinion naturally remain, and frictions are likely to recur, the way is now open for the creation of a democratic international labor federation by the end of 1949.

[DEAN ACHESON]

[Enclosure]

*Study Prepared in the Division of International Labor and Social Affairs, Department of State*<sup>3</sup>

CONFIDENTIAL

[WASHINGTON,] April 1949.

#### INTERNATIONAL LABOR MOVEMENTS AFTER THE WFTU SPLIT

##### 1. *Summary and Recommendations*

The split in the World Federation of Trade Unions in January 1949 found the chief free trade union centers—the CIO and the British Trades Union Congress (TUC), which seceded from the WFTU, and the AF of L, which had never joined—in agreement on the need for a democratic anti-Communist international labor body. But they have

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<sup>3</sup> This study was drafted by Val R. Lorwin of the Division of International Labor and Social Affairs. The extract printed here comprises 2½ pages of the 24 pages of the source text.

not yet fully agreed on next steps in the creation of such an international.

The chief immediate difficulties to be resolved are those of prestige relations (AF of L-CIO and AF of L-TUC) and personalities. There are also issues of organizational structure, and the place of various Latin American, Middle and Far Eastern unions, and relations with the international trade secretariats.\* The genuine differences of interests are not too great, and with a measure of good will current difficulties can be resolved. But they have held up the action necessary to create a new international and delayed its formation perhaps to the end of this year. Meanwhile the democratic groups still in the WFTU will be taking the steps necessary to disaffiliate.

A new international will have its chief strength in the national centers of Europe (including Western Germany), the United States, Australia, New Zealand, and Canada. It will include many Latin American unions, some colonial groups in the Caribbean and in Africa, and probably some federations in the Middle and Far East, but all these will reflect the weakness of trade unionism in these areas. Its aims will be stated largely in terms of the protection of labor's traditional economic interests and the representation of labor in world affairs. Its chief activities are likely to be essentially political, since its firmest characteristic will be its anti-Communism, and its chief members will be supporters of their governments, especially in foreign policy, as long as the present constellations of politics hold. The need to counter the drives of the WFTU, moreover, will in itself direct much of the energies of a democratic international into activities that are essentially political. The major economic business of democratic world labor will probably be done by the international trade secretariats, in close association with the new international.

Such a new international would have great value in offsetting the "labor unity" appeal of the WFTU. It would give the support of international recognition to the hardpressed democratic labor organizations of France, Italy and Germany, and to the non-Communist unions of Latin America, the Middle and the Far East. In the United Nations and its specialized agencies, and in general appeals to world opinion, it would offer a democratic challenge to the WFTU's claims to represent world labor.

The WFTU split is a serious tactical setback for the Kremlin. But

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\*International trade secretariats are the rather barbarous English name given to the international federations of national unions of a single or allied industries or trades—e.g. the International Transport Workers Federation, composed of national unions of maritime, longshore, road transport and railway labor, or the International Metal Trades Federation.

National centers are federations of various unions of different trades and industries on a national basis—e.g. the AF of L, CIO, British TUC. [Footnote in the source text.]



the physical equipment and the label of the World Federation of Trade Unions remain with the international Communist movement. Even after the split is completed, the WFTU will be far more powerful than the pre-war Red International of Labor Unions. Now freed of inhibitions imposed on it by the affiliation of the CIO, the TUC and other democratic federations, it will begin serious propaganda and agitation in the colonial and underdeveloped areas. Its overtly Communist character may prevent it from making much greater headway than the WFTU has achieved in Latin America or the Caribbean. In most of Africa and in the Middle East it is likely to be repressed for the time. Its greatest potential menace to U.S. foreign policy aims lies in the Far East, where it will probably use considerable money, organizers and propaganda in promoting and exploiting the Soviet line of defense of the colonial peoples.

In the United Nations (chiefly the Economic and Social Council, and the International Labor Organization) it can be more obstreperous than it has been, but it will be far less influential. And it may hesitate to use all its possibilities of noise and obstruction for fear of losing its consultative status.

The WFTU will continue a serious menace to American foreign policy as long as it can be made to appear the major voice of workers throughout the world, especially if large numbers of workers feel exploited and repressed. It is therefore in the interests of United States foreign policy that the prestige and power of the WFTU to advance Soviet foreign policy objectives be reduced; that the remaining non-Communist members withdraw from the WFTU; and that a vigorous democratic international labor federation be established. These are tasks primarily for the labor organizations, not for government. It should be noted here that while there are great risks to improper or unwise intervention in labor affairs, assistance may be given by the Department or by U.S. missions to developments in line with our policy by: (1) encouraging and facilitating the cooperation of the AF of L, the CIO, and railway labor unions with non-Communist labor abroad; (2) making known to democratic labor groups abroad, through radio, press and informed personal contacts, the position of American labor on international affairs, on the WFTU, and on plans for a new international, and (3) if occasions present themselves, helping the development of a new international trade union federation that will be democratic, free of control by governments, and anti-Communist.

[Here follow the body of the study presenting a detailed review of the circumstances of the withdrawal of democratic labor organizations from the WFTU, an analysis of the prospects and problems of a new international labor organization, and a brief survey of the character and strength of WFTU activity.]



800.5043 FTUI/5-2449

*Memorandum by the Director of the Office of International Trade Policy (Brown) to the Under Secretary of State (Webb)*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] May 24, 1949.

*Problem:*

To encourage formation of a Free Trade Union International.

*Recommendations:*

We should:

1. Mobilize our information media to exploit fully each successive step in the development of the new international in order to sustain the hopes of democratic trade unionists who expect the new organization to be of assistance in meeting their domestic trade union problems.

2. Support the claim which the new organization will undoubtedly make for "Category A" consultative status in the UN and its specialized agencies, which will give it the right now accorded to the Communist-dominated World Federation of Trade Unions (WFTU) and the AFL to submit agenda items before ECOSOC and its subordinate bodies. We should wait to see how events develop before deciding whether and how to support anticipated demands to deprive the WFTU of such status.

3. Encourage American labor organizations to maintain and extend their efforts in behalf of international organization of free trade unions, giving special attention to Asia, Africa, and colonial areas where it is anticipated the WFTU will now intensify its pro-Communist activities.

4. Extend and regularize the present system of Departmental consultation with American labor organizations in order to give them a greater sense of participation in the formulation of foreign policy and thus sustain and intensify their interest in foreign activities; and keep them informed on developments abroad of interest to them as well as international labor problems on which their advice and efforts could be helpful to us.

5. Take whatever occasion offers to appoint representative American trade unionists to important posts abroad, thus giving further visible signs of the identification of American labor with American foreign policy.

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<sup>1</sup> This memorandum, which was drafted by Irwin M. Tobin of the Division of International Labor and Social Affairs, was transmitted from Director Brown to Under Secretary Webb through Willard L. Thorp, Assistant Secretary of State for Economic Affairs. It was subsequently circulated to the Under Secretary's Meeting as document UM D-44, June 1, 1949. For the results of the consideration of the memorandum at the Under Secretary's Meeting of June 3, see the memoranda of June 3 and June 6 by Humelsine, *infra*.

*Discussion:*

Steps are now being taken by democratic trade unionists here and abroad to form a free trade union international which will replace the Communist-led World Federation of Trade Unions as the authentic spokesman for world labor. This development is valuable from the viewpoint of American interests and foreign policy. The new international will be headed by responsible elements whose political views run from moderate left to center and who in general can be assumed to support the present objectives of the Western Governments. On the whole they favor international cooperation for collective security and the attainment of economic and social objectives and international organization for peace. They are resolutely opposed to Communism. Although many of the older trade union movements in Europe believe in the ultimate goal of Socialism they are normally moderate Socialists in practice and are quite profoundly attached to democratic methods. The European unions who will join are already committed to the purposes of the European Recovery Program and have formed, together with the AFL and CIO, a Trade Union Advisory committee to the ERP (ERP-TUAC).

The new international also has particular interest and value to us as a continuing, world-wide medium through which all major elements in the American labor movement can work together abroad. The CIO and AFL and probably the Railway Brotherhoods as well will be represented, and it is expected that they will play an important role. A large number of individual American unions are also extending their affiliation with the international trade secretariats (international associations by craft and industry) which will probably be tied up with the new international. It is to our interest that the American trade unions should, so far as possible in unity, play an ever expanding role in international affairs since by doing so they can support American objectives among groups many of which have traditionally been suspicious of "capitalist" governments, particularly the United States. They can by their contact with Socialist and other politically-minded trade unionists abroad help to break down outmoded stereotypes about this country. At a time when trade union movements, notably in Western Europe and the British Commonwealth, have become powerful political as well as economic forces, this is important to the achievement of our objectives abroad.

American labor association with and contribution to the ERP, the activities of the AFL in encouraging the growth of democratic trade unionism in France, Italy and Germany, and the CIO's position during the Italian elections of 1948 provide merely a few indications of the role American labor can play abroad in support of our objectives. American labor organizations can also through financial and other practical support of trade unionists abroad help in the fight to prevent

Communist seizure and domination of trade union movements, such as has occurred in Eastern Europe and, to a lesser extent, in France and Italy. We should therefore encourage and support the development of this trade union international within the limits of legitimate Government activity.

The recommendations fall into two categories, those designed to help directly in creating the new international, and others, the purpose of which is to make the participation of American labor therein more effective.

Especially during the formative period of the new international, our information media abroad (Recommendation No. 1) can be of effective help. WFTU and other communist propaganda channels are daily accusing the democratic leaders of being "splitters" for having left the WFTU; of being "tools of Wall Street and British imperialism", and so on. They are not only vilifying the non-Communists, but making the most of whatever signs of division there may be among them. The militancy of the WFTU has a certain appeal, not only in areas where trade unionism is in a fledgling stage, but even to workers in such countries as France and Italy. The democratic leaders as yet have no organization or propaganda means with which to put their case. The Voice of America and other information media should help fill the obvious need to present the Western case, through news and feature presentations. Basic themes should be developed toward this end and be given a high priority at least for the next six months.

The question of UN status for the new international (No. 2) is rather more complex. Obviously the new international's anticipated request for "Category A" status should have our support; we have already given informal assurances to that effect. Our position on the "declassification" of the WFTU, also not likely to arise directly at the next session, must necessarily take into account the wishes of the AFL and CIO. Our present thinking, however, is that the best approach would be to see if the WFTU will hang itself by further demonstration, in ECOSOC, of its narrow ideological base.

The Department has already been encouraging the formation of an Asiatic federation (No. 3), which takes on special importance in the light of evidence that the WFTU intends to concentrate on the new labor movements in that area. It is to our interest to have American labor extend its activities, hitherto largely confined to Europe and Latin America, to Asia, Africa, and colonial areas where democratic traditions in trade unionism have not yet taken root.

The further association of American labor with the making and execution of foreign policy (Nos. 4 and 5) will make an indirect but nonetheless effective contribution to American objectives as they are related to the new international. It will help ensure that American



labor in its international contacts and activities is better able to promote American policy objectives; and to show trade unionists abroad the existing similarity of outlook on foreign policy between American labor and the U.S. Government. Real progress in this direction has been made recently by the appointment of Labor Advisers to ECA Missions, two of the latter having now been promoted to heads of mission in Norway and Sweden.

Because of the unique nature of the foreign activities of American labor, the Department has taken special pains to maintain liaison with the principal labor leaders involved, chiefly those in the international departments of the AFL and CIO. The recent decision of the two organizations to work together in the new international now provides an opportunity to systematize and extend our consultation with them, bringing them in jointly for special conferences, and providing background information and material in a way designed to appeal to labor's special interests. It is therefore proposed that ILS and P work out jointly a special liaison program with American labor aimed at maximizing the effective participation of American labor in the new international and labor's support for American foreign policy.

For further analysis of the considerations related to establishment of the new international, reference is made to the Department's unnumbered circular instruction dated May 12, 1949, on the subject, "International Labor Movements After the WFTU Split".<sup>2</sup>

*Concurrences:* P, UNE (appropriate sections of the paper); EUR, NEA, FE, ARA (circular instruction referred to in last paragraph above).

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<sup>2</sup> *Supra.*

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Under Secretary's Meetings, Lot 53 D 250

*Memorandum by the Director of the Executive Secretariat  
(Humelsine) to the Under Secretary of State (Webb)*

CONFIDENTIAL

[WASHINGTON,] June 3, 1949.

Mr. WEBB: Points Emphasized in the Under Secretary's Meeting, June 3.<sup>1</sup>

1. FORMATION OF A FREE TRADE UNION INTERNATIONAL (UM D-44<sup>2</sup>)

<sup>1</sup> Regarding the establishment, responsibilities, and composition of the Under Secretary's Meeting, see the minutes of the Under Secretary's Meeting of February 14, p. 863.

The following officers attended this meeting: Deputy Under Secretary of State Dean Rusk (Chairman); George V. Allen, Assistant Secretary of State for Public Affairs; Director of the Office of Far Eastern Affairs W. Walton Butterworth; Director of the Office of European Affairs John D. Hickerson; Director of the Policy Planning Staff George F. Kennan; Deputy Director of the Policy Planning Staff George H. Butler; Director of the Office of German and Austrian Affairs Robert D. Murphy; Acting Deputy Director of the Office of German and Austrian Affairs Henry C. Byroade; Director of the Office of Near Eastern and African Affairs Joseph C. Satterthwaite; Director of Foreign Aid and Assistance Henry R. Labouisse, Jr.

<sup>2</sup> Same as the memorandum of May 24 from Brown to Webb, p. 831.

The following points were made in this morning's discussion in the Under Secretary's Meeting of this paper:

*Administrative*

The Department should be organized to (a) bring the handling of labor problems closer to the Department's top policy level, and (b) provide for regular consultations with American labor on foreign affairs questions including matters not immediately related to labor. (In this connection it was noted that a U.S. change of policy on Spain might injure labor's support for ERP.) It was agreed that any high level labor specialist in the Department need not necessarily have a professional labor background but he should of course be favorably regarded by labor representatives.

*Informational Support*

There was feeling that it is tactically better to emphasize straight news reporting on the International in our media rather than risk hurting the movement by developing too soon an informational line which might suggest Departmental sponsorship.

*Status in the UN*

There were some differences of opinion on the merits of "Category A" consultative status in the UN and specialized agencies for the new International. Objection in principle was raised to giving private groups an extra voice in UN in addition to their government representation, and it was pointed out that the Russians have encouraged these special status groups as a means of circumventing government representatives for their own purposes. On the other hand, it was submitted that certain benefits accompany close UN participation by private agencies. It was agreed that the facts on such groups should be assembled prior to the obtaining of a Departmental position on this point under the leadership of E and UNA.

*Participation of Exiled Eastern European Labor Leaders in Voice of America Broadcasts*

Mr. Allen explained that generally it is the Department's position that the use of political refugees in these broadcasts is undesirable since rival democratic factions of the same nationality may take offense. However, the American Federation of Labor favors such use of labor refugees and the British use them in this manner. We are especially interested in overcoming any impressions that in the Voice of America we are not interested in labor. It was agreed that Mr. Allen will begin such broadcasts cautiously.

[The remainder of this memorandum was devoted to a review of the discussion of U.S. rubber policy.]

CARLISLE H. HUMELSINE

Under Secretary's Meetings, Lot 53 D 250

*Memorandum by the Director of the Executive Secretariat  
(Humelsine)*<sup>1</sup>

CONFIDENTIAL

[WASHINGTON,] June 6, 1949.

UNDER SECRETARY'S MEETING

FORMATION OF A FREE TRADE UNION INTERNATIONAL

The attached document was considered at the Under Secretary's Meeting on June 3, 1949.

The recommendations of this paper were noted with approval with the following reservations:

(1) The exploitation of information media should be approached carefully in order not to give the impression that this Government is sponsoring the Free Trade Union International.

(2) "Category A" status in the UN and its specialized agencies for the Free Trade Union International will be given special consideration in the Under Secretary's Meeting before action on this recommendation is required. (Mr. Thorp has action on this.)

(3) Include mention of Latin America in recommendation #3 if ARA desires this inclusion. (This question is being currently considered by ARA.)

(4) Machinery for extending and regularizing U.S. labor groups in foreign activities must be considered in conjunction with the Department's reorganization.

This document is being distributed to all division chiefs in the geographic offices for their guidance. Amendments to this document will be made known as they occur.

CARLISLE H. HUMELSINE

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<sup>1</sup> This memorandum was designated document UM D-44, June 6, 1949, and was circulated to the Under Secretary's Meeting as a covering paper to a copy of the memorandum of May 24 from Brown to Webb, p. 831.

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800.4089/6-2149: Circular airgram

*The Acting Secretary of State to Certain Diplomatic and Consular  
Offices*<sup>1</sup>

SECRET

WASHINGTON, June 21, 1949.

1. Since the forthcoming Budapest Youth Festival, scheduled for August 14-28,<sup>2</sup> followed by Congress in September,<sup>3</sup> are probably tied

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<sup>1</sup> This airgram was transmitted to 80 diplomatic and consular posts around the world. In airgram A-252, August 12, to Budapest, not printed, the Department requested the fullest possible coverage for the Communist-organized conferences discussed in this airgram (800.00B/8-1249).

<sup>2</sup> Despatch 718, September 7, from Budapest, not printed, transmitted a 38-page report on the World Festival of Youth and Students at Budapest, August 14-28, prepared by officers of the Legation in Hungary. The report observed that the festival and ancillary functions were attended by 10,000 young students and



in from the Communist viewpoint into the current series of "peace" meetings, Dept's general position toward the meeting is the same as heretofore, i.e., while the American people and the U.S. Government welcome all sincere moves toward and discussions of methods for achieving peace, they have no illusions about such rigged "congresses," the real purpose of which is not attainment of peace but glorification of the USSR and the Communist Party, vilification of democratic nations and confusion among true liberal center groups through efforts to emphasize the concept of two opposing blocks, the extreme right and the extreme left. Experience of the Praha youth meeting two years ago should not be taken as a guide to the Budapest festival, since some reputable American interest was represented at Praha while reputable U.S. youth organizations are apparently not displaying comparable interest in the forthcoming festival. While it is planned not to give such attention here or abroad as to awaken interest or encourage attendance, Dept desires through appropriate publicity to place the character and objectives of the meeting in right perspective.

2. American groups now involved and probably participating are "American Youth for a Free World" and the "Committee on International Student Cooperation." Information on the festival has been mailed out by these groups to non-Communist oriented organizations in the U.S., but thus far without much success. Groups purporting to represent the U.S. at the festival will presumably support Communist criticism of the U.S. and capitalist society. Communists are reportedly making a drive for the participation of Asiatic and Latin American

workers representing 84 countries. The report commented upon the festival as follows:

"An impartial observer watching these cosmopolitan hordes, black, brown, white and yellow, many of them wearing colorful national or regional costumes, pouring into Budapest, and taking over the city for two weeks of songs, dances, games and parades, sooner or later found himself asking what purpose underlay this curious and undeniably impressive assemblage. To this question there can be but one answer; the sole purpose of the festival was to further the aims of the foreign policy of the Soviet Union." (800.4089/9-749)

<sup>3</sup> Despatch 746, September 15, from Budapest, transmitted a 24-page report on the Second World Youth Congress of the World Federation of Democratic Youth held in Budapest from September 2 to September 8. The report, prepared by officers of the Legation in Hungary, observed that the conference was attended by 700 delegates representing 70 countries. The report characterized the conference as follows:

"The daily sessions were given over largely to speeches, and it is clear from the tone and content of these, as well as of the resolution and the manifesto addressed to world youth in which the principal themes of the speeches were incorporated, that the WFDY, whatever it may have been at the time of its founding [November 1945], is now for all practical purposes a kind of junior Cominform. The present congress was obviously held to bring the WFDY up to date ideologically, to commit the 60 million members of the organization unreservedly on the side of the Soviet Union in the "cold war" and, specifically, to assign it a sector on the "peace front". The delegates could scarcely have been more enthusiastically pro-Stalinist had they been recruited exclusively from the Soviet Union, and on the basis of their performance at Budapest the 700 leaders of the WFDY must be regarded as being either professional Communists or Communist sympathizers of the most uncompromising variety." (800.4089/9-1449)

youth, and consideration must be given to the impression that may thus be made in those areas. To date not much interest has been shown by western European youth organizations, the Dutch having particularly shown disinterest. Every western European youth organization except in the UK has disaffiliated with the International Union of Students.

3. General principles underlying Dept's passport policy in this connection require a policy decision in each specific case on the basis of U.S. interests.

4. Dept plans to provide posts with material concerning previous "peace" meetings and background information on the World Federation of Democratic Youth and the International Union of Students, the principal sponsoring organizations, indicating their propaganda purposes and affiliations. Such material will enable posts in non-Communist countries to debunk (1) phony peace propaganda in connection with probable Communist efforts to obtain wide universal participation at Budapest and (2) the outpourings of the festival itself.

5. Dept requests any comments regarding the festival and full reports on activities in all areas in preparation for the meeting, including the delegates, propaganda lines, etc. Use appropriate slug to indicate material usable for VOA.

6. In accordance with standing instructions please transmit complete information on any additional "peace" meetings or congresses, sponsored either by or in opposition to Communists, which may be scheduled to be held in your area.

7. For ARA posts: At your discretion informally advise governments to which you are accredited regarding U.S. viewpoints on this festival.

WEBB

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Moscow Embassy Files: 310 Conf-Peace/560.1 US: Telegram <sup>1</sup>

*The Acting Secretary of State to the Embassy in the Soviet Union*

CONFIDENTIAL

WASHINGTON, September 29, 1949—6 p. m.

701. Dept has given careful consideration urtel 2435 Sept 26 re visas for Solovev Parfenova and Smirnov<sup>2</sup> and discussed question with reps CIO and AFL who both indicated desire visas not be authorized. Former stressed significance timing of Chicago meeting on eve of

<sup>1</sup> This message is missing from its prescribed location in the files of the Department of State at 811.111 Dipl. 61/9-2749.

<sup>2</sup> The telegram under reference here reported that the Soviet Foreign Ministry had requested from the Embassy diplomatic visas for Leonid Nikolayevich Solovev, Secretary of the All-Union Central Council of Trade Unions; Nadezha Parfenova, Deputy Representative of the Anti-Fascist Committee of Soviet Union; and Andrey Smirnov, a translator, to enter the United States in order to attend the so-called "National Trade Union Conference for the Defense of Peace" in Chicago. The Embassy was inclined to feel that on balance the best interests of the United States would be served by granting such visas, particularly in view of the considerations set forth in telegram 162, March 16, to Moscow, p. 809 (Moscow Embassy Files, 310 Conf-Peace/560.1 US).



national conventions US labor unions where important decisions re commie dominated member unions would be taken and expressed opinion that real purpose Solovev visit to organize commie elements for convention fight as well as assist in establishment new nation-wide left trade wing organization in event commie unions expelled from CIO convention.

In view foregoing and other considerations such as impropriety this govt facilitating intervention in internal American trade union developments by officials of Sov Govt operated trade unions still endeavoring maintain pretense of representing free labor movement and fact that other commie labor officials such as Toledano<sup>3</sup> and Quatrepoint<sup>4</sup> who do not posses official govt status in countries of origin will not be permitted entry into US for this meeting, as well as effrontery well known Sov gambit trying to railroad visas at last moment, Dept has decided not to authorize visas in this instance.

Dept does not intend make any press statement unless developments should eventually make one desirable and will answer queries to effect that applications received too late for appropriate consideration.

When returning passports to MFA, you may wish similarly to inform them that applications received too late for appropriate consideration.

WEBB

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<sup>3</sup> Vicente Lombardo Toledano, President of the Confederation of Latin American Workers and Vice President of the World Federation of Trade Unions.

<sup>4</sup> An official of the French Confédération Générale du Travail.

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Under Secretary's Meetings, Lot 53 D 250

*Draft Paper Prepared in the Department of State*<sup>1</sup>

[Extracts]

CONFIDENTIAL

[WASHINGTON,] December 9, 1949.

THE SOVIET "PEACE" OFFENSIVE

THE PROBLEM

To determine the nature and objectives of current Soviet "peace" propaganda and to identify techniques and themes utilized in this

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<sup>1</sup> This paper was circulated to the Under Secretary's Meeting as document UM D-71, December 13, 1949. A brief covering memorandum By Carlisle H. Humelsine, Executive Director of the Secretariat, not printed, explained that this paper had been prepared in the Public Affairs area of the Department of State for the guidance of overseas information media and educational exchange activities in countering the Soviet "peace" offensive. The paper had been revised on the basis of the recommendations of the Public Information Committee of the Department of State, and suggestions of interested officers of the Department had been incorporated.

This paper was considered at the Under Secretary's Meeting of December 16; see *infra*.



offensive; specifically to guide US overseas information media and educational exchange in handling news relating to the Soviet "peace" offensive and in developing propaganda lines designed to minimize the impact and counter the purposes of this Soviet campaign.

#### DISCUSSION

### I. *Background*

#### A. *General*

The current Soviet peace offensive was launched in May, 1948 when the Soviet Foreign Office deliberately misconstrued a sentence in an *aide-mémoire* of US Ambassador Smith, interpreting it as an overture for bilateral negotiations on terms suitable to the USSR.<sup>2</sup> When the maneuver was exposed, the USSR sought to persuade world public opinion that the US had slammed the door on "peace." In the same month, Stalin answered an open letter by Mr. Henry Wallace, ignoring seven of the fifteen suggestions offered by Wallace as a basis for US-USSR cooperation and accepting only such proposals as were consonant with those previously advanced by the USSR.<sup>3</sup> Both these developments were utilized to emphasize before world opinion that the USSR wanted peace, whereas the US did not.

These beginnings were expanded into a full-fledged campaign involving periodic "peace" statements by prominent Soviet officials, numerous national and international congresses convened "in defense of peace," observance of "International Day for the struggle for Peace" saturation of the complex Soviet propaganda machine with the "peace" theme and exploitation both of front organizations and UN agencies as propaganda sounding boards for "peace." The most recent "peace proposal" made in the UN General Assembly by Foreign Minister Vishinsky condemned the United States for preparing a new war of aggression, called for the prohibition of atomic weapons and urged the five Great Powers to conclude among themselves a pact for the strengthening of peace.<sup>4</sup>

Indicative of the hopes which the USSR attaches to the "peace movement" is the consideration which the recent Cominform meeting in Hungary gave the "peace offensive."<sup>5</sup> A resolution passed at that

<sup>2</sup> For documentation on the May 1948 exchange of correspondence between the then Ambassador in the Soviet Union Walter Bedell Smith and Soviet Foreign Minister Vyacheslav Mikailovich Molotov, see *Foreign Relations*, 1948, vol. II, pp. 845-874, *passim*.

<sup>3</sup> Regarding the Wallace-Stalin exchange under reference here, see footnote 11 to telegram 701, March 19, from Moscow, p. 814.

<sup>4</sup> The reference here is to resolution proposed by Soviet Foreign Minister Andrey Yanuaryevich Vyshinsky during an address to the United Nations General Assembly on September 23. For documentation on the resolution, see vol. II, pp. 72 ff.

<sup>5</sup> Regarding the meeting of the Communist Information Bureau in Hungary in November and the resolutions issuing therefrom, see telegram 3004, December 3, from Moscow, p. 39.

time declares that the "Partisans of Peace" movement should be broadened further to include all social groups, particularly the "widest layers of the working class." This suggests that Moscow considers the "peace offensive" as potentially the most effective means of rallying non-communist foreign support and of influencing the political line of labor organizations.

Since the White House announcement concerning an atomic explosion in the USSR,<sup>6</sup> the Soviet propaganda apparatus has increasingly exploited the putative possession by the USSR of the atomic "secret" to step up its agitation aimed at undermining US influence both in Western Europe and the Middle and Far East: While maintaining the current line on Soviet utilization of atomic energy for peaceful purposes, Soviet propaganda is capitalizing on the psychological opportunities presented by the White House announcement; emphasizing the alleged change in US strategy from dependence on the atom bomb to the urgent need for large ground forces—to be supplied by Western Europe—in order to strengthen the suspicion that the USSR has developed considerable atomic warfare potential.

#### B. *Peace Congresses*

One of the favorite chosen instruments of the larger and more important "peace offensive" has been the "peace congress." The first of these congresses, convened August, 1948 in Wroclaw, Poland, and called the "World Congress of Intellectuals for Peace" adopted a manifesto urging the intellectuals of all countries "to hold national intellectual congresses for peace; to establish everywhere national committees for peace; and to strengthen the international relations of cultural workers of all countries in the interests of peace." Before the Wroclaw Congress adjourned, it also established a Permanent Liaison Committee of Intellectuals for World Peace, with an interlocking directorate and with permanent headquarters in Paris. This Committee was charged with the responsibility of planning and preparing the way for both international and national congresses.

Since Wroclaw, numerous congresses or conferences, both international and national have been convened with the ostensible aim of uniting all people who are for peace and opposed to war. The most prominent of these are as follows:—

#### International "Peace" meetings.

US, New York, Scientific and Cultural Conference for World Peace, March 2 [25]–27, 1949

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<sup>6</sup> On September 23 President Truman announced that the United States possessed evidence that an atomic explosion had occurred in the Soviet Union. For the text of the President's statement, see Department of State *Bulletin*, October 3, 1949, p. 487. For additional documentation on the announcement, see vol. 1, pp. 537 ff.

France, Paris, World Congress of Partisans of Peace, April 20-25, 1949

Mexico, Mexico City, All-American Continental Congress for Peace and Democracy, Sept. 5-10, 1949

In addition, national "Peace" meetings have been held in France, (Nov. 1948), Uruguay (Dec. 1948); Korea and Rumania (March, 1949), Bulgaria and Japan (April, 1949), Canada (May, 1949), Great Britain and Hungary, (June, 1949); Chile, (July, 1949) Cuba, Uruguay and USSR (August, 1949), Poland (Sept. 1949) and the United Kingdom (Oct. 1949).

Peace "weeks" have been scheduled in France, Sweden, Norway and Czechoslovakia for September and in Finland and Denmark for October, 1949. In Germany, September 1 was designated as a "Day of Peace" and the communists devoted the entire month to the peace theme. The Permanent Committee also called for world-wide observance on October 2 of "International Day for the struggle for Peace." International Peace Day was celebrated in Western Europe by distribution among workers of handbills viciously attacking the Marshall Plan and the North Atlantic Pact. Peace Congresses invariably conclude with appeals for active work in the interest of "peace" by "all democratic and peace-loving organizations." Thus, trade unions, women's organizations, youth and peasant associations, cooperatives, learned professional and other front-page organizations are being utilized increasingly as transmission belts in the propaganda campaign. At the Second Congress of the World Federation of Trade Unions, held July, 1949 in Milan, Italy, a major political activity of trade unions was described as support of the Soviet struggle for peace on an international and national scale. National trade unions were instructed to take a most active part in the work of the national committees for peace and to set up committees for peace in shops and factories and to propagandize for peace within the trade unions.

More recently, the following major conferences emphasizing the "peace" theme have been scheduled:

Council of the International Federation of Democratic Women—  
Moscow—Nov. 15

Congress of the Women's International Democratic Federation—  
Peiping—Dec. 1-7

World Democratic Youth Week—Nov. 10-17

World Congress for Human Rights—Prague—November

All India Youth Congress—Delhi

World Federation of Trade Unions—Asia—Nov. 15-22

All India Congress of the Partisans of Peace—November

Congress of the International Organization of Journalists—Brussels—Dec. 5-7



Madison Square Garden Mobilization for Peace—New York,  
Dec. 5.

### 1. *Techniques Utilized at "Peace Conference."*

During the last twenty five years the Communists have had considerable experience in using international gatherings as sounding boards for Soviet propaganda. From establishment and manipulation of front organizations has crystallized a body of techniques which communists utilize with much effectiveness.

#### *a. Concealment of Sponsorship*

To obtain support for communist objectives from groups which are generally not in sympathy with communist goals, great efforts are made to associate liberalism and progressivism with the peace congresses in the minds of the public. The names of non-communist adherents are publicized (in Western countries) while the support of communists are generally kept quiet. Review of the Congress' sponsors, however, shows the extent of the influence exerted by communists and fellow travellers. . . .

#### *b. Tight Control of Proceedings*

While asserting that peace conferences are essentially liberal in character, communists effectively dominate them by pushing through their agenda, their rules, their chosen officials (particularly the Secretary-General) without permitting delegates time to propose alternatives. By foresight and persistence, communists pack the important drafting committee. Working as an organized and well-disciplined minority, they ride rough-shod over the rules of the meeting. . . .

By such tight control of proceedings of gatherings said to be objective, the communists are able to ensure unobstructed confirmation of the Soviet message: the USSR desires peace, the US wants war.

#### *c. Fiction of Mass Support*

Extravagant claims are made concerning the degree of support attaching to the stated objectives of the peace congresses. The Paris congress, for example, was said to represent 72 nations and 800,000,000 people—or slightly more than one-third of the total world population including infants. This figure presumably was based upon membership of all groups invited or interested. Allowing for such practices as multiple counting of individuals belonging to several of the organizations included and inflation of membership figures of each, that figure is completely out of line with the membership of participating organizations.

#### *d. Exploitation of Intellectuals*

Intellectuals are mobilized in part to sustain the myth that all intellectuals worthy of the name acknowledge the superiority of Marxist logic and view with sympathy the elaboration of the "Great Socialist Experiment." . . .

Outstanding leaders in the realm of the arts and sciences are also exploited as (1) experts, concerned with the vital problems of our age, who are expected to be aware of the nature and meaning of actual problems, and (2) as disinterested men of integrity engaged in probing for objective truth. . . .

*e. Propagation of the Soviet Myth*

While "peace" is the main subject of discussion at these Congresses, considerable time is devoted to propagation of the Soviet myth and other concepts sustaining that myth.

The overall Soviet myth may be summed up roughly as follows:—

1. The Soviet Union represents the interests of the working people. It is the sole fatherland of the international proletariat; the base of the universal movement of oppressed peoples (colonials) and classes.
2. Soviet power is utilized to further the ideals of liberalism, freedom and economic security. The Soviets are constructing a brave new world which will eliminate the evils of contemporary "capitalist" society. Much progress has already been made,—e.g., elimination of illiteracy and unemployment. (For the benefit of the more sophisticated, admission is here implied that actual progress may be slow. This, however, is justified with the argument that the USSR exists in a hostile world. This hostility compels the Soviet Union,—its back literally up against the wall—to concentrate its energies into specific channels and to utilize certain methods which would be unnecessary in a "friendly world.")
3. The Soviet Union is the heir of the revolutionary Jacobin movement (in its romantic sense), serving the ideals of economic equality and social justice.
4. The Soviet Union, alone of all modern nations, has prohibited discrimination on the basis of race or color.
5. The Soviet Union represents the "wave of the future." It is identified with all things "progressive." (The Soviet Union is marching together with the forces of progress. As other nations "catch up" they will unavoidably establish similar institutions and practices.) Similarly, the several Communist parties are a legitimate part of the great movement of liberal reform.
6. All roads lead to communism. Historical trends are working in favor of Soviet objectives. The logic of events will inescapably produce the victory of Soviet ideals.
7. The reverse side of the myth asserts that "degenerate capitalism"—characterized by internal contradictions and social injustice—is on the verge of collapse.

The Soviet myth undoubtedly holds great attraction for large numbers of people living outside the area of effective Soviet control. (This is the only reasonable explanation for the considerable support which Soviet policies continue to enjoy in Western countries despite the manifest facts of post-war Soviet aggression.) Unhappily, this myth

is subscribed to in greater or less degree also by individuals and groups who regard themselves as non-communist. Many of these, still influenced by the continuous and denigrating criticism of the "capitalist" system which has characterized cultural trends in the past thirty years, have lost perspective and are uncertain concerning the transcendent values of the Western democracies. (This may be due to the fact that liberalism spent a long time in basic alliance with communism with which it had little in common.)

[Here follow 10 pages of source text presenting principal themes in the Soviet propaganda line, various verbal perversions resorted to in Soviet propaganda, an outline of Soviet propaganda objectives, and a detailed resume of the points made in the "discussion" portion of this paper.]

#### RECOMMENDATIONS

##### I. *Short Range*

On appropriate occasions and when news developments warrant,

A. Report statements made by responsible US officials setting forth US foreign policy objectives in terms of the pursuit of peace and the prevention of war through friendly collaboration with freedom-loving nations and the maintenance of adequate military strength providing the basis for collective resistance to aggression. Point out that it is practically impossible for governments—particularly one with a constitutional structure such as ours—responsive to the people, to wage wars of aggression.

B. Review the efforts of the US in the United Nations and elsewhere to further peace, security and freedom. Emphasize that the United States has based its foreign policy on the United Nations.

The United States believes in cooperation and is confident that peace can be achieved through the United Nations. Because of this belief the United States demobilized its armed forces and offered through the United Nations to share its atomic knowledge and turn over its entire atomic establishment to international control.

Emphasize the contributions to world peace not merely of the UN itself but also of its specialized agencies.

C. Call attention to the cooperation of the North Atlantic Pact countries with one another and the US in defense of peace and security. Point out that on the initiative of the United States that regional defense arrangement has been designed to foster not a single political system but a free association that embraces varying systems.

D. Show how international programs such as the Marshall Plan, NAP and MAP are contributing to the establishment of a constructive peace of freedom.

E. Point out that the sovereign nations of the New World have



already made concrete achievements in the preservation of peace in the Western Hemisphere through the machinery of cooperation provided by the OAS. Emphasize that the Inter-American Treaty of Reciprocal Assistance, far from being a militaristic measure, is designed to insure defense of the Americas while keeping expenditures on armaments of each Latin American nation at a minimum.

F. List US acts evidencing desire for constructive cooperation with the Soviet Union and the Soviet response to these gestures.

G. Make clear that although in signing the charter of the United Nations the Soviet Union accepted a solemn obligation to refrain from using or threatening to use force against the political independence and territorial integrity of any State and to settle all disputes peacefully it has violated these obligations for national advantage; there obviously can be no peace so long as a great power uses or threatens to use force against other states.

H. Contrast Soviet deeds with Soviet peace propaganda assertions. Emphasize that there is no satisfactory substitute for fulfillment of obligations.

I. Compare the magnitude of Soviet armaments and the rapid militarization of satellite countries with Soviet propaganda declarations concerning the peaceful intentions of the Soviet Union.

J. Expose the fraudulence of comparisons in Soviet propaganda of military expenditures in Soviet and US budgets.

K. Juxtapose statements concerning the peaceful intentions of the USSR with news relating to intensification of Soviet pressures and Soviet threats of force aimed at destroying the political independence of Yugoslavia and at intimidating Turkey and Iran.

L. Summarize USSR and Cominform policy toward Greece.

M. Relate suppressions and purges in satellite countries to Soviet peace propaganda (Communist peace is the sort of peace that the USSR has brought to Poland, Czechoslovakia, Hungary, Bulgaria and Rumania).

N. Recall the Soviet slogan of the indivisability of peace and contrast it with the class warfare currently waged on Kremlin instructions in the satellite states. Emphasize that respect for democratic liberties is an indispensable condition of peace as that term is understood in the Free World.

O. Ridicule upside-down language and verbal perversions of Soviet terminology.

P. Exploit slogans used by US representatives to the UN, Austin and Cohen;—"Lift your iron curtain and you will strengthen peace," and "stop your civil warmongering."

Q. Report fully news concerning formation and development of national or international anti-communist movements in defense of peace, such as the meeting of the World Society for Free Veterans held recently in Paris.

#### CAUTION

It seems ridiculous that the US should find it necessary to defend its peaceful intentions in the face of the notorious fact that governments responsive to the people find it difficult to wage war even in defense of vital interest; let alone to embark on military adventures. Tone of output, therefore, should not be defensive in character. Ridicule is an effective weapon; it should be employed cautiously and only when appropriate.

#### II. *With Respect to a Long Range Program to Explode the Soviet Myth.*

In addition to H, I, J, K, L, M, N, O of above:

A. Exploit, in an effort to dispel misunderstandings and false assumptions on which the Soviet myth thrives, all available information documenting the discrepancies between Soviet myth and reality, theory and practice. Particular attention should be given to treatment of workers and religious bodies in the USSR and its satellites. (The Soviet Government jails workers who strike, quit their jobs, are absent or come late to work. It crushed trade unionism and established huge forced-labor camps. The Government actively pursues anti-Semitic policies, refuses to allow Jews who so desired to migrate to Palestine; abolished Jewish language newspapers, deported Jews with US or British relatives from the Ukraine to Siberia and created a ghetto in a desolate Siberian corner of the USSR from which Jews are forbidden to leave.) (To Moslem audiences stress the anti-Moslem activities of the USSR.)

The super-nationalistic chauvinistic character of Soviet domestic policy and propaganda as well as the abject subservience of world communist movements to the USSR should also be emphasized.

B. Explain how the Soviet economic system functions not for the benefit of the people and that the claims made for it are fraudulent. This should be documented fully with reliable, factual information.

C. Point out the true meaning of Soviet imperialism, emphasizing both political and economic aspects. For example, show that in the Far East Communist "liberation" means the imposition of Soviet domination and the destruction of national independence; in Europe communist governments Russify local institutions and make their countries completely available to Soviet economic spoliation.

D. Report fully news concerning disaffection—under the impact of Yugoslav-USSR controversy, religious persecution, staged trials, etc.—of prominent pro-Communist intellectuals. List names and quote from both American and foreign intellectuals, formerly pro-Soviet in their orientation, who have become disillusioned with Soviet practices.

E. Report factually reliable reports concerning splintering processes which may take place in the several Communist parties as a consequence of the Yugoslav-Soviet USSR controversy. Emphasize the implications of this controversy for the entire Communist world and the choice before Communists between loyalty to the interests of their own countries and submission to the dictates of a foreign power concerned only with its own national interests and ambitions.

F. Invite attention to Soviet abandonment of individuals and groups when such abandonment suits the immediate purpose of the USSR.

G. Cross report dwindling in membership of Communist parties and organizations, particularly in Western countries.

H. Whenever possible, utilize statements of recognized intellectuals exploding the Soviet myth and reaffirming the values of the Free World.

I. In affirming Western values, greater emphasis should be placed on:

1. relating the material achievements of democratic societies to the enlargement of facilities for self-development,

2. role of organized labor in the US as well as labor's concrete achievements,

3. vertical mobility of US social structure,

4. juridical defense,

5. Significance of the right to opposition and the protection of minorities

6. constructive exploitation of the emotional loyalties of man to country, religion, family and local traditions.

7. common heritage; identification of American ideals with the European spirit (to Europe and to other areas where European traditions are strong). (To Asian countries report Western values in terms which encourage Asians more closely to associate with the West.)

8. conviction of the American people that freedom throughout the world accompanied by rising living standards are necessary to US security and welfare as well as world peace; and the constructive action of the US to build up insufficiently developed areas of the world,

9. respect and appreciation for the lasting achievements of other cultures,

10. US sympathy for and encouragement of attainment of national independence by colonial peoples prepared to assume the responsibilities of independent statehood,



11. Diversity and richness of life as contrasted with the deadening uniformity enforced on the people of the Soviet world,

12. Association of freedom with progress and of suppression—regardless of the alleged justification—with reaction.

J. Emphasize to India the validity of UN efforts for peace and point out the essentially violent nature of Soviet communism—particularly its dependence on violence as a means of achieving its ends. (A unique factor operating in India is Hindu veneration for peace and non-violence as method of life and means of achievement. This makes Indians particularly susceptible to the appeal of the “peace offensive.”)

K. Emphasize particularly to African and colonial audiences the advance made by the American Negro in the fields of legislation, labor, education and the arts.

L. All measures documenting the firm resolve of the US to strengthen the security of the free world and to preserve free institutions and democratic processes should be reported fully. (To Greece, Turkey, Iran and other peripheral countries it is useful periodically to indicate that the US actively opposes all concessions to Soviet expansionism and to all other Soviet drives designed to destroy the independence and integrity of free nations.)

### III. *With Respect to Soviet Sponsored “Peace” Congresses and Other Front Organizations Featuring the “Peace” Theme.*

In general, media should not devote undue attention to the proceedings of these meetings. When major congresses are held, media should, briefly, and in a matter of fact tone, utilize responsible comment or other material.

A. pointing out unrepresentative character of meetings; listing names of established and recognized non-Communist intellectuals, etc., not invited to participate,

B. linking wherever possible, congress speakers with Communist and Communist-front organizations,

C. showing that no bonafide discussions take place,

D. indicating that the purposes served by these meetings have little popular support,

E. intimating that world opinion, informed concerning the realities of Soviet deeds, will not be taken in by Soviet words,

F. emphasizing that the Western democracies have through *actions* demonstrated their desire for genuine peace,

G. Stressing failure of the Soviet Union to utilize the UN organization UNESCO, which seeks through its wide membership and affiliation with leading scientists and cultural leaders throughout the world, to develop a sound educational basis for peace.

Under Secretary's Meetings, Lot 53 D 250

*Memorandum by Mr. James Q. Reber, Special Assistant in the  
Executive Secretariat*

TOP SECRET

[WASHINGTON, undated.]

UNDER SECRETARY'S MEETING DECEMBER 16, 1949<sup>1</sup>

1. *The Soviet "Peace" Offensive*

(D-71<sup>2</sup>) (Confidential)

Mr. Sargeant will substitute some other title for the phrase "Peace Offensive" and make such revisions as are necessary after taking into account the following suggestions:

(a) Our proper propaganda should concentrate on the fact and strength of U.S. leadership rather than the particular systems which we have constructed such as NAT, MAP, ERP—any of which might not meet our expectations.

(b) Remove the reference to the Greek issue (page 20) in order to *not* redirect Soviet attention to that area.

(c) Contrast Russian words and Russian acts in the Far East and in other areas as a part of our counter-propaganda.

(d) Point up the way in which the Soviet builds up its own sphere but operates against the well being of the extra-Russian areas, as a testimony to the falsity of Soviet propaganda.

(e) Give more attention to the WFTU, which may be the focal point of a new cominform.

It was understood that this paper is for the guidance of the Public Affairs area in its overseas operation, and as such is not for distribution outside of the Department, such as to select congressmen or our public advisory committees. It was also understood that the propaganda line to be used in our counter-offensive will be tailored to meet the requirements of each geographic area.

Mr. Sargeant will give consideration to—

(a) The preparation of a paper dealing with the U.S. domestic side of this problem.

<sup>1</sup>The following officers of the Department of State attended this meeting: Deputy Under Secretary of State Dean Rusk (Acting Chairman); Deputy Assistant Secretary of State for Public Affairs Howland H. Sargeant; Special Assistant to the Secretary of State for Research and Intelligence William P. Armstrong, Jr.; Assistant Secretary of State for Far Eastern Affairs W. Walton Butterworth; Deputy Director for Mutual Defense Assistance John H. Ohly; Assistant Officer in Charge of German Economic Affairs Geoffrey W. Lewis; Assistant Secretary of State for Congressional Relations Jack K. McFall; Deputy Assistant Secretary of State for Congressional Relations Ben H. Brown, Jr.; Assistant Secretary of State for United Nations Affairs John D. Hickerson; Deputy Director of the Policy Planning Staff Paul H. Nitze; Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs Raymond H. Hare; Deputy Assistant Secretary of State for Inter-American Affairs Willard F. Barber; Assistant Secretary of State for European Affairs George W. Perkins; Deputy Assistant Secretary of State for Administration Charles M. Hulten; Assistant Secretary of State for Economic Affairs Willard L. Thorp.

<sup>2</sup>*Supra.*

(b) The preparation of a paper designed not to meet this immediate Soviet offensive but to concentrate on the positive propaganda approach which would give the initiative to this Government.

(c) A paper exploring the thesis that a valuable propaganda concept would be that all men are brothers under the Deity, withal different religious convictions, as against the Godless Soviet world.

Attention was turned to the dangers of a full scale Soviet "peace" offensive, which, if it began, would seriously jeopardize many of our programs to the extent that they are based on crisis. Emphasis was placed on the necessity that our basic policy framework must be durable on the grounds of human need despite, or in the absence of, crises.

[Here follows discussion of policy relating to defections from Soviet control.]

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*Current Economic Developments*, Lot 70 D 467

*Current Economic Developments*<sup>1</sup>

[Extract]

CONFIDENTIAL  
No. 233

[WASHINGTON,] December 19, 1949.

NEW INTERNATIONAL LABOR FEDERATION ESTABLISHED

A new world labor federation created as a democratic rival of the Communist-dominated World Federation of Trade Unions (WFTU) was formally established at the international conference of trade unions held in London, November 28–December 9.<sup>2</sup> The new organization, which is to be called the International Confederation of Free Trade Unions (ICFTU) is the outgrowth of the split of democratic unions from the WFTU almost a year ago. Participating in this constituent assembly were 261 representatives of 59 national centers and 28 other national and international labor bodies, who spoke for 48.5

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<sup>1</sup> A weekly classified publication, prepared by the Policy Information Committee of the Department of State, designed to highlight developments in the economic divisions of the Department and to indicate the economic problems which were currently receiving attention in the Department. It was circulated within the Department and to missions abroad.

<sup>2</sup> Representatives of labor unions from 34 countries met for a preparatory conference in Geneva, Switzerland, in late June 1949 to discuss in general terms the form and character of a new trade union international and to adopt a declaration of principles. Agreement was also reached to convene the constitutional congress under reference here. While the Department of State was in no way involved in either of these conferences, it followed the events culminating in the London conference with great interest. Documentation on this subject is included in the Department of State's central files under file number 800.5043 FTUI and 800.5043 ICFTU.



million workers in 53 countries. American labor unity and leadership were impressive throughout the conference. The constitution adopted emphasizes trade union and democratic objectives and is completely non-Socialistic, all Socialist-tinged amendments having been defeated in committee, mainly because of US objection. Organization headquarters for the new organization will be Brussels, and J. H. Oldenbroek, head of the International Transport Workers Federation, was elected General Secretary. There will be a biennial Congress; a General Council made up of one representative from each country to meet alternate years; an Executive Board to meet every six months; and an Administrative Committee, which will be a watchdog and emergency committee to meet on call. The Executive Board is to consist of one member each from Africa, Asia-Middle East, Australia-New Zealand, and the West Indies; two each from Britain and Latin America; four from North America; five from Europe; and a General Secretary. The ICFTU is expected to ask for consultative status in the UN Economic and Social Council (ECOSOC) and the International Labor Organization. The American Federation of Labor (AFL) will drop its status in ECOSOC in favor of the new body.

The Credentials Committee very evidently used a broad definition of *bona fides* of member federations, withholding seating only from Thailand and Dominican Republic Unions. Both Japanese and West German trade unions were represented, the latter nominally now fully back in the fold, although their role is still reduced as compared to the pre-Hitler period.

*Principal Problems* Among the most controversial issues of the conference were Catholic union affiliation, location and General Secretary, relations with the International Trade Secretariats, and organization of regional machinery.

The controversy as to whether or not to invite the Catholic Unions to participate in the new international was compromised by a US-sponsored credentials committee resolution to invite the affiliates of the Christian International with full rights and responsibilities on the understanding that they abandon the International Federation of Christian Trade Unions by the time of the next ICFTU biennial Congress. The Belgian Catholics surprised the conference by affiliating, but the French and Dutch have not yet responded. Brussels as headquarters was agreed upon after a bitter struggle between the US and the British, the latter pressing for London. Relations with the International Trade Secretariats and decisions as to the organization of regional activities were left for the Executive Board to settle. All seemed to recognize the need for some kind of regional machinery—this need being emphasized by the concurrent WFTU Peiping Con-

ference, which clamored for revolutionary nationalism in that area. (See page 6 of this issue of *Current Economic Developments*.<sup>3</sup>)

*AFL and CIO Cooperation* Notable Cooperation between the American Federation of Labor and the Congress of Industrial Organizations was impressive throughout the Congress. Many delegates from other countries were under the impression that there were real differences between the "conservative" AFL and the "radical" CIO, and were surprised to find both organizations condemning Communism, Franco Spain, and imperialism in the strongest terms. Both groups also declared themselves for the European Recovery Program, the Atlantic Pact, and Point Four. The AFL and the CIO both sent top men to represent them at this meeting and wielded a strong influence. There were some accusations, especially from the British, that US delegates tried to dominate the meeting, but for the most part, foreign delegates were really given an education in the American labor movement and reacted warmly.

*WFTU Remains Strong* Despite premature rejoicing ever since the January 1949 split, the WFTU remains strong. Its membership is probably greater than the ICFTU; and although losing out in France and Italy, it is still strong there; is strong in eastern Europe, of course; and will soon be in a position to organize millions of workers in China. While it has been reduced in form, the split has removed any need to inhibit its Communist line. In the immediate future it will probably have far greater resources to carry on agitation propaganda than the new organization will have for its activities. Moreover, the WFTU long-term appeal is strong in some areas where the ICFTU is weakest and where ICFTU formation does not yet alter the balance of power. The outcome lies in part in regional activities and in part in the development of government programs nationally and internationally in vulnerable areas of Europe and elsewhere for which ICFTU and national trade union centers can effectively ask support.

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\*The item under reference here summarized information on the Asian conference of the World Federation of Trade Unions held in Peiping, China, November 15-22, 1949. The report observed that the conference, attended by delegates from 13 countries, emphasized political activism rather than actual labor issues.

## YUGOSLAVIA

### ATTITUDE OF THE UNITED STATES TOWARD THE YUGOSLAV-COMINFORM DISPUTE; EFFORTS TO PROVIDE ECONOMIC ASSISTANCE TO YUGOSLAVIA<sup>1</sup>

611.60H31/1-1049 : Telegram

*The Ambassador in Yugoslavia (Cannon) to the Secretary of State*

SECRET

BELGRADE, January 10, 1949—2 p. m.

28. Against background Embtel 27, January 10,<sup>2</sup> we find unprecedented Yugoslav offer sell \$15,000,000 copper and lead to US firm reported airgrams A-760 and A-764, December 23 and 24<sup>3</sup> presents striking opportunity develop sound trade with Yugoslavia. Because offer is partly conditional on Yugoslavia obtaining US export licenses for capital equipment major policy decision required.

Events have moved much faster than anticipated even two months ago. What then seemed illogical or unreasonable to expect has happened. USSR and satellites have taken those steps which inevitably force Yugoslavia divert major volume trade to West thereby unexpectedly furthering important ERP aim. Czechoslovakia and Poland in current negotiations expected follow USSR lead and materially reduce Yugoslav trade this year. Future Hungarian trade naturally would follow same trend. Result is more Yugoslav ores,

<sup>1</sup> Previous documentation on these subjects is printed in *Foreign Relations*, 1948, vol. iv, pp. 1054 ff.

Other aspects of United States relations with Yugoslavia are dealt with elsewhere; see in particular the documentation on the attitude of the United States toward the maintenance of the Free Territory of Trieste, vol. iv, pp. 497 ff., United States policy with respect to civil aviation relations with the Soviet Union and the countries of Eastern Europe, pp. 184 ff., and the attitude of the United States toward the regime in Albania, pp. 298 ff. Documentation on the role of Yugoslavia in the Greek civil war is scheduled for publication in volume vi.

<sup>2</sup> Not printed. It observed that the announcement of the 1949 Yugoslav-Soviet trade agreement, signed in Moscow on December 27, 1948, and calling for a greatly reduced volume of trade between the two countries, indicated that far-reaching changes in the structure and direction of Yugoslav trade were under way. The telegram presented a detailed analysis of Yugoslav trade in 1948, particularly with the U.S.S.R. and the Eastern European satellites, and concluded that Yugoslavia incurred a large payments deficit in 1948 and faced the prospect of an exchange crisis early in 1949 (660H.6131/1-1049).

<sup>3</sup> Neither printed. In a memorandum to Under Secretary of State James Webb, January 17, not printed, Director of the Office of European Affairs, John D. Hickerson, reported that a representative of the American firm involved, Phillips Brothers, informed officers of the Department of State that the offer involved \$6,000,000 worth of copper and lead and was contingent upon obtaining export licenses for a steel blooming mill worth approximately \$3,000,000 (611.60H31/1-1049).



timber and agricultural products available to meet increasing Western European commitments.

Whereas Yugoslavia helping Britain, Italy and other Western nations to meet challenge new situation by saying concretely what it wants through trade negotiations we have mostly had to guess. Nevertheless, question future course US-Yugoslav trade requires answer now. We are convinced first to improve trade relations with Yugoslav's means recognition following:

1. Yugoslavia will not exchange political for economic concessions.
2. What Yugoslavia wants from US are means to build own industry including iron, steel and petroleum and supplies required sustain own economy.
3. Only if US grants these means either directly or under ERP permits third countries such as Bizonia, Italy and Britain to furnish them can we obtain important quantities Yugoslav ores and metals despite apparent Yugoslav dollar difficulties.
4. Otherwise trade expansion can occur only by our absorbing products which Yugoslavia finds difficult market elsewhere. Of these tobacco alone at present seems at all promising in future US-Yugoslav exchange.

We emphasize that industrial phase Yugoslav five-year plan is now primarily oriented to eliminate Yugoslav dependence on others, meaning dependence on USSR and satellites.

This Yugoslav leaders have made increasingly clear in public statements. Even if present objectives meet with maximum success it would be many years before Yugoslavia can build true heavy industry in modern sense but much will have been done meanwhile to separate Yugoslavia from Eastern economic tyranny.

We feel positive policy encouragement US business interests desiring trade with Yugoslavs on above basis will best serve our national interest in European sphere. Therefore, we urge our export controls regarding Yugoslavs be further liberalized to match changed circumstances.<sup>4</sup>

Sent Department 28; repeated Paris for Harriman<sup>5</sup> 2, Moscow 8,

<sup>4</sup>Telegram 272, January 25, to London, repeated to Paris for Ambassador Harriman as 270 and subsequently repeated to Belgrade as 32, January 27, not printed, stated that the Department favored granting an export license to Yugoslavia for the blooming mill if the equipment was genuinely useful to Yugoslavia and was discussing the issue with other agencies. It was further stated that the general Department position on trade with Yugoslavia was currently being examined (641.60H31/1-1749). In a memorandum of February 3 to S/S, reviewing recent developments in U.S. trade policy toward Yugoslavia, Hickerson observed that the first concrete result of the more favorable attitude toward exports to Yugoslavia had been expressed in the form of licenses for five mobile repair shops and several thousand tractor tires which the Yugoslavs had been seeking to import for months (611.60H31/1-3149).

<sup>5</sup>W. Averell Harriman, Special Representative in Europe for the Economic Cooperation Administration, with the rank of Ambassador.

pouched Warsaw, Praha, Budapest, Sofia, Bucharest, Rome, Trieste, London.

CANNON

611.60H31/1-349: Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, January 13, 1949—6 p. m.

91. We inclined agree Belgrade's recommendation (telegram 28, January 10 to Department <sup>1</sup>) US and western Europe should extend trade relations with Yugoslavs without trying exact political concessions, for sake of prolonging and aggravating Tito-Cominform break, encouraging non-Communist elements Soviet satellite states and securing useful contribution European recovery.

This is, of course, rather negative opportunistic approach, and even so not without its dangers. Kremlin is out to "get" Tito and clearly expects to do so eventually, however long process may take. Unless we give him enough to save him permanently—and this might involve a lot in due course—we risk eventual loss to Moscow of what we do give him. We therefore suggest that before definitely committing ourselves, Department should carefully consider: (1) whether we can in good conscience back such regime as Tito's? (2) whether it is in fact in our long interest to try save him? (3) whether addition west economic pressures to those of Soviet orbit would bring about Tito's downfall? (4) and if so, whether we could, or should, meanwhile take steps calculated to obtain his replacement by a more representative west-oriented regime and prevent installation Stalinist Communist puppet.

Kremlin apparently counts on our remaining relatively passive allowing them dispose of Tito at their leisure. Is it necessary or desirable for us to do so?

Sent Department 91, repeated Belgrade 3, Paris 16, London 11.

KOHLER

<sup>1</sup> *Supra.*

760H.61/1-3149: Telegram

*The Ambassador in Yugoslavia (Cannon) to the Secretary of State*

SECRET

BELGRADE, January 31, 1949—9 p. m.

101. Yugoslav-Soviet dispute seven months after Cominform resolution has acquired in its public manifestations an entirely new character that may be momentous for attainment of our strategic political objectives. No longer is controversy being waged "on the situation in CP" and even the terms of original resolution regarding alleged domestic ideological deviations are now seldom employed. Today dis-



pute is more and more sharply emerging as conflict of two fundamental principles as old as relations between states. One of them was set forth in Cominform journal <sup>1</sup> Dec. 1 "attitude toward Soviet Union is now test of devotion to cause of proletarian internationalism, of willingness to put Lenin-Stalin doctrine on national question into practice". Tito at Serb CP Congress January 22 formulated the other "the principle of equality must regulate the relations between Socialist countries in present epoch. Every violation of this Marxist principle does great damage to progressive forces of world".<sup>2</sup>

This issue, in the great tradition of historical schisms is one on which no compromise is possible. In appraising capabilities of Tito to maintain his revolt or to weaken whole complex of Soviet influence, we should not over-emphasize his weaknesses. Foreign assistance will unquestionably be necessary for him, and in Embtels 27 and 28, January 10 <sup>3</sup> we put economic case for modifying trade policy with Yugoslavia. Nonetheless, in some respects he has the strongest position of any rebel since Henry VIII. His tight Communist dictatorship has had four full years to secure its power and is today firmly entrenched. With all eastern Europe ganged up against him his position is still unshaken in any material respect since last July. This points up and reinforces our analysis of his strengths and weaknesses sixteen months ago (Embtel 1017, September 7, 1947 <sup>4</sup>). For first time Soviet Union is faced with consolidated Communist regime equipped with a Communist power apparatus able and willing to go an independent way. Today Tito rebellion represents outstanding political possibility for US policy inside Soviet sphere. Evidence that has accumulated over last seven months indicates conclusively that with something more than minimal facilities from US [on] long-range policy can be built on this revolt.

As we survey development of dispute in this period we find most of our earlier analysis sound. Tito-Stalin break is real. Tito has stood firm and has carried army, secret police, paramilitary, party, and mass organizations with him with far fewer and less important defections than have occurred during same period in many satellites enjoying full Moscow favor. Break has proved impossible to confine within party limits, has attained official government levels, and is steadily widening, witness Soviet's announcement of trade reduction with

<sup>1</sup> The reference here is to the journal, *For A Lasting Peace, For a People's Democracy*, published in Bucharest.

<sup>2</sup> The reference here is to a speech made by Marshal Tito (Josip Broz), Yugoslav Prime Minister and Minister of Defense and General Secretary of the Yugoslav Communist Party to the concluding session of the Congress of the Serbian Communist Party held in Belgrade, January 17-22. A summary of Tito's speech was transmitted in telegram 75, January 22, from Belgrade, not printed (860H.00/1-2249).

<sup>3</sup> Telegram 27, January 10, from Belgrade is not printed, but for a summary, see footnote 2 to telegram 28, January 10, from Belgrade, p. 854.

<sup>4</sup> *Foreign Relations*, 1947, vol. iv, p. 840.



Yugoslavia of seven-eighths, exclusion from new Council for economic mutual aid, virtual severance all cultural ties with Yugoslavia on part entire bloc. Whole fabric of neo-Balkan brotherhood has been shredded and today rival nationalisms and historic animosities are rampant in area as they have not been since days of Balkan wars. More importantly terms of original disputes damaging as they were in their revelation of Soviet *intransigence* regarding East Europe peasantry and full-scale communization have now taken on new dimension showing real nature of authority within new Soviet system. Yugoslavia has been quick to recognize this phase and last week published an anthology of selected papers comprising its rebuttal of Cominform charges. Yugoslavs evidently feel artificial politics of that indictment are exhausted and are now fully prepared to discuss before world opinion "essence of dispute" to which they have so often obliquely referred. In materials now becoming publicly available through recent speeches of Yugoslav leaders (Embtels 23 January 6,<sup>5</sup> 75 January 22 for examples<sup>6</sup>) distinction is being drawn by recognized Communists between Soviet Union and Communism and this for first time since Soviet's rise to power. Adequately exploited Yugoslav documentation of this distinction with its charges of colonization and its disclosures of extent and method of subordination of needs of other nations to dictates of Soviet military planning may materially assist in altering whole European power relationship. Yugoslav affair is best illustration we are likely to have to establish before world opinion fact that primary target US policy is not any particular economic system per se but Soviet imperialism.

In seeking to formulate policy toward Yugoslavia best designed to exploit opportunity presented to US, it is important we recognize and discard certain stultifying misconceptions:

1. View that Yugoslav-Cominform dispute is simulated strategem employed for some devious purpose by inscrutable Soviets.

No evidence available to us in seven months since Cominform break in any way supports hoax theory (we hope it may henceforth be excluded from policy consideration). No policy can be devoid of risk but risk of Tito-Stalin *legerdemain* seems minimal. More subtle manifestation of theory is "wait and see". We think additional delay will not produce improved vision and may prevent further development Yugoslav-Soviet breach.

2. View that Tito and associates are bloody Communists whose fate is matter of complete indifference to US.

There is some merit of consistency in this emotional approach. Its weaknesses are disregard of Yugoslavia as part of general problem

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<sup>5</sup> Not printed; it reported that Marshal Tito and other Yugoslav government officials had revealed to a special session of the Yugoslav National Assembly, held at the end of December 1948, Soviet and Cominform attempts to carry out economic imperialism against Yugoslavia (S60H.00/1-649).

<sup>6</sup> Not printed, but see footnote 2 above.

and as sole apparent agency for undermining Soviet influence in East Europe.

3. View that Tito's downfall would establish conditions for more representative and western-minded Yugoslavs.

This highly wishful approach to east European political realities ignores alike two unpleasant factors: (a) Complete lack of leadership; program, funds, organization, et cetera, both here and in exile whereby any anti-Communist Yugoslav group hope to supplant Tito regime, and (b) Fact that Cominform is ready to exploit by force any weakening in Tito's security apparatus. We are not ready and not likely to be. In Yugoslavia there are not three choices but two: Tito or a Moscow tool.

If we can then discard these theories, case for aid to Tito as means to extract maximum advantages US from Yugoslavia-Cominform break seems controlling and questions of aid are reduced to timing and technique. Some aid from West will undoubtedly be necessary and my next following cable presents our recommendations.

Sent Department 101, pouched Moscow, Paris, London, Rome, Warsaw, Törep Paris, Trieste, Athens, Prague, Budapest, Bucharest, Sofia, Geneva.

CANNON

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611.60H31/1-3149 : Telegram

*The Ambassador in Yugoslavia (Cannon) to the Secretary of State*

SECRET

BELGRADE, January 31, 1949—11 p. m.

102. Embtel 28 January 10<sup>1</sup> set out economic case for liberalizing commercial policy toward Yugoslavia and Embtel 101<sup>2</sup> presented Yugoslav political background for these recommendations. Following is discussion evolution of more vigorous policy from standpoint of obtaining maximum advantages both in Yugoslavia and Europe.

Two principal differences of opinion held by those willing to make attempt to use Yugoslav situation for ends of Western policy are whether aid should be given now or later and whether political conditions should be attached to our economic assistance. Essentially these are but single questions since those who favor withholding aid now do so largely on grounds that when Yugoslav economy has deteriorated further aid can more readily be made contingent on political concessions.

This is popular theory among foreign missions here. We think it errs fundamentally and urge prompt and adequate trade facilities for Yugoslavia with no attempt obtain political concessions in present stage of still-developing Yugoslav-Soviet dispute. Further delays run real risks that resultant Yugoslav economic deterioration or party

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<sup>1</sup> *Ante*, p. 854.

<sup>2</sup> *Supra*.



disintegration would increase amount of assistance needed and render returns less probable. Aid now will maintain situation, force Soviets to divert more energy and resources to Yugoslav liquidation, and set stage for major developments at later date.

Whole concept of political concessions from Yugoslav Government does not seem to have received very close analysis. Domestically, concessions from Tito, if meaningful, would have to affect his security apparatus and would establish facilities for greater freedom of action for Stalinist agents. Between the quarreling diverse unorganized emigre groups in the West and the ruthless cohesive forces of the Cominform, there would be no real contest. Stalinists gleefully exploiting an activated pro-Western opposition to undermine Tito from the right could be expected to end expeditiously both Tito and his domestic political concessions.

Externally, political concessions are thought of in terms of Trieste, Austria and Greece.<sup>3</sup> We do not think this is time to try to liquidate Trieste situation in any deal with Tito. Until Austrian treaty is concluded, conditions for Austrian stability established and threat of Cominform invasion of Yugoslavia reduced, presence of US-UK troops in Trieste has practical and symbolic importance as demonstration of constancy of American purpose.

Re Yugoslavia's Austrian claims, we do not think that concessions by Yugoslavia would necessarily bring treaty agreement. This is problem of US-USSR relations and Yugoslavia's pretensions have been convenient but not indispensable tool for Soviet imperialism.

Re aid to Greek bandits, we see only slight probability of obtaining assurances while Yugoslavs still fail to acknowledge grave risks in their long-range situation. Any arrangement now entered into would be both unstable and deceptive. Actual extent present Yugoslav aid seems largely undetermined and we wonder whether we could rely on promises of interruption of supply routes to have decisive effect on Markos<sup>4</sup> fortunes. We should not overlook fact that such arrangement would definitely weaken Yugoslav Government position in whole Macedonian area now under increasing Soviet pressure from their pincer of Albania and Bulgaria.

Moreover, there is another aspect to entire theory of political concessions. We wonder whether it might not serve longer objectives our political strategy to permit Tito to maintain himself as orthodox but

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<sup>3</sup> For documentation on the interest of the United States in the administration and future disposition of the Free City of Trieste, see vol. iv, pp. 497 ff. For documentation on the continuing negotiations on an Austrian State Treaty and the related question of Yugoslav territorial claims in Carinthia, see vol. iii, pp. 1066 ff. Documentation on conclusion of the Greek civil war in 1949 is scheduled for publication in volume vi.

<sup>4</sup> Markos Vafiades, Premier and Minister of War in the so-called Provisional Greek Democratic Government from December 1947 to January 1949.



prosperous Communist. Cominform propaganda can cite as evil consequences Yugoslavia's desertion of Moscow only "facts" that Yugoslavia will thereby be transformed into bourgeois colony and suffer internal economic ruin. If these assertions prove false, case against further deviations by other satellites is appreciably weakened on Communist's own terms. If what we seek over long run is liberation east Europe from USSR tyranny, demonstration that in Tito's path lies both preservation national independence and increased well-being will surely help.

Today Yugoslav leaders still seem to believe Yugoslavia can go it alone politically and appear blindly confident that through new trade agreements regime can finance enough of five year plan governments and can provide for its indispensable military establishment while in isolation. It is only when degree of Soviet pressure mounts, when questions first of economic credits and finally of military equipment come to fore that commensurate concessions can be contemplated.

We therefore recommend again quiet, prompt and radical relaxation US and ECA export control re one-maker [apparent garble] restrictions in exploitation Yugoslavia's unique situation. We further recommend in all policy directives re Soviet Union and satellites inclusion of special reservation for Yugoslavia. We do not suggest identical treatment with west Europe. Ideally, balance should be sought between sufficient facilities to maintain Yugoslav situation and sufficient restraints to stimulate Yugoslavia's realization parlous nature its long-range situation. At same time, we think it not too early for Department to begin immediately study credit possibilities direct from US if politically feasible, or indirect along line ECE timber machinery deal or transactions providing manufactures for Yugoslavia against future commitments raw materials. We can argue that such transactions might prove as useful to trizonia and west Europe as beneficial to Tito but in main we should frankly regard them as factors of a later phase of US-Yugoslav relation.

On basis of all evidence available to us we emphasize again our belief that Yugoslavia's situation provides the outstanding possibility in east Europe for loosening Soviet grip on these once independent nations. We therefore think we should be ready to move forward [with?] such initiative and enterprise as new phases of Yugoslav situation may develop and we hope way can now be paved for the immediate policy measures recommended above.

Sent Department 102; pouched Moscow, Paris, London, Rome, Warsaw, Torep Paris, Trieste, Athens, Praha, Budapest, Bucharest, Sofia, Geneva.

CANNON

860H.00/2-449 : Telegram

*The Ambassador in Yugoslavia (Cannon) to the Secretary of State*

SECRET

BELGRADE, February 4, 1949—3 p. m.

120. Without questioning cogency Moscow's A-11, January 5<sup>1</sup> (see also Moscow's 91, January 13<sup>2</sup>) as regards Eastern Europe satellites in general, we feel obliged again to emphasize that process of communization in Yugoslavia has long since passed early development stage therein assumed.

Any appraisal probably future evolution here must take following into account: CPY has had effective and unchallenged control of country since 1945. Non-Communist parties disappeared here as political elements of even formal significance November 1945. Final disappearance last of non-Communist decorative leaders occurred last August. Finance and industry sequestered since end war were formally nationalized December 1946 and last of retail trade May 1948. Agrarian collectivization launched August 1945 and is being steadily expanded. Communization education completed here in 1945. Campaign against Catholic Church has been waged bitterly and persistently. Compare conviction Archbishop Stepinac September 1946<sup>3</sup> with current moves elsewhere. Yugoslavs also make good case for claim that Dimitrov's recent speech was plagiarism of Tito's analysis of people's democracy made in 1944 and 1945.

Further at point is Moscow's A-13 January 6<sup>4</sup> re precedential importance 1948 Bulgarian state secrets law and travel restriction. Yugoslavia has had travel restrictions applicable to foreign individuals and areas since 1945. In April 1948 security zones requiring special and unobtainable permits for all diplomats were greatly expanded. Yugoslavia's iron curtain on statistics and information dates from law of September 1945 on crimes against nation and state and in its unspecified but catch-all phrases would appear antedates specific Soviet enactment under reference. We will discuss particular subject separately.

Yugoslavia's zeal over four year period in conforming to Soviet model, and we have confined analysis to criteria suggested Moscow's A-11, is of course not enviable distinction but importance its challenge

<sup>1</sup> Not printed. It observed that 1948 closed with all effective power in Eastern European satellites concentrated in the hands of Communist-dominated "United Workers" parties. It predicted that future internal political developments in the satellites included further consolidation of the remaining non-Communist parties and liquidation of remaining capitalist elements in the economies (860C.00B/1-549).

<sup>2</sup> *Ante*, p. 856.

<sup>3</sup> Alojzije (Aloysius) Stepinac, Roman Catholic Archbishop of Zagreb, was sentenced to imprisonment for a term of 16 years on October 11, 1946, for alleged crimes against the Yugoslav Government.

<sup>4</sup> Not printed.



to Kremlin derives from just such Marxist-Leninist accomplishments. In domestic sphere Yugoslavia appears far in advance of satellites and there is no visible sign its international drive toward eventual full communization is slackening. Our 101 and 102, January 31<sup>5</sup> pouched Moscow discuss further aspects Yugoslavia's unique position.

Sent Department; repeated Moscow 22.

CANNON

<sup>5</sup> *Supra.*

Under Secretary's Meetings, Lot 53 D 250

*Minutes of the Under Secretary's Meeting, February 14, 1949, 10:00-11:10 A. M., Department of State*<sup>1</sup>

TOP SECRET

[WASHINGTON, February 14, 1949.]

UM M-4

Present: Messrs. Webb, Under Secretary, Chairman  
Rusk, G, Deputy Chairman  
Allen, P  
Armstrong, R

<sup>1</sup>The first of the Under Secretary's Meetings was held on the morning of February 3, 1949. The attendance at the first meeting included the following: Under Secretary of State James Webb (Chairman), Assistant Secretary of State Dean Rusk (Deputy Chairman), Assistant Secretary of State for Public Affairs George V. Allen, Assistant Secretary of State for Administration John E. Peurifoy, Assistant Secretary of State for Occupied Areas Charles E. Saltzman, Assistant Secretary of State for Economic Affairs, Willard E. Thorp, Counselor of the Department of State Charles E. Bohlen, Director of the Office of American Republic Affairs Paul C. Daniels, Director of the Office of Far Eastern Affairs W. Walton Butterworth, Director of the Office of European Affairs John D. Hickerson, Director of the Office of Near Eastern and African Affairs Joseph C. Satterthwaite, Assistant Secretary of State for Transport and Communications Garrison Norton, Director of the Policy Planning Staff George F. Kennan, Legal Adviser Ernest A. Gross, Special Assistant to the Secretary of State for Research and Intelligence William Park Armstrong, Jr., and Director of the Executive Secretariat Carlisle H. Humelsine. At the first meeting it was decided that future attendance would be confined to those officers present except on permission of the Under Secretary. (Attendance at meetings during subsequent weeks and months reflected changes in the structure of the Department of State as well as retirements and appointments of high-ranking officers.) The responsibility for inviting deputies and substitutes was to be exercised by the Under Secretary. It was further agreed that meetings would generally be held on Monday, Wednesday, and Friday mornings and would be confined to an hour. Under Secretary Webb explained that he expected these meetings to provide a closer relationship between the members and himself, to permit the exploration of problems at an early stage, to make certain that lines of responsibility were clearly understood, and where practicable to reach agreement on policies under which each officer could effectively carry out his responsibilities.

The Under Secretary's Meetings subsequently considered a series of documents brought before it and designated UM-D documents or D documents. Minutes of the Meetings were prepared by the Secretariat headed by Humelsine. (The series designation UM-M was used for the earliest of these minutes.) A complete set of UM-D documents and a partial set of minutes of Under Secretary's Meetings for 1949 are included in Under Secretary's Meetings, Lot 53 D 250.

The source text bears the following handwritten note from Humelsine to Secretary of State Acheson: "This is the complete brief on yesterday's staff meeting. I understand Mr. Webb is going to discuss this activity with you tonight." Secretary Acheson's handwritten initials appear next to Humelsine's note.



Bohlen, C  
 Butterworth, FE  
 Daniels, ARA  
 Gross, U/CFA (Legal Adviser)  
 Hickerson, EUR  
 Joyce,<sup>2</sup> S/P (for Mr. Kennan)  
 Nitze,<sup>3</sup> E (for Mr. Thorp) (after 10:30)  
 Norton, T  
 Radius,<sup>4</sup> TRC  
 Saltzman, O  
 Satterthwaite, NEA  
 Hulten,<sup>5</sup> A (for Mr. Peurifoy)  
*Secretariat*  
 Humelsine, S/S  
 Reber,<sup>6</sup> S/S-S

# ECONOMIC RELATIONS BETWEEN THE UNITED STATES AND YUGOSLAVIA (D-3<sup>7</sup>)

1. *Action*: It will be recommended to the Secretary that he take the position set forth in this paper when it comes before the National Security Council, subject to the following changes:

*a.* The elimination of reference in recommendation 7 to government commodity credits with the understanding that at a later time it might be desirable to consider commodity credits and that any decision on that will be placed before the Secretary.

*b.* Reference to securing the U.S. Ambassador's views will be deleted from the paper.

*c.* The Secretary of Commerce, Mr. Sawyer, should be invited to the NSC meeting at which this paper is considered.

2. *Mr. Rusk* and *Mr. Hickerson* will be responsible for the implementation of this policy in coordination with other parts of the Department. (The *Secretariat* will follow up.)

3. *Discussion*: In the discussion on this paper the following issues were raised:

*a.* The UNDER SECRETARY asked if it is the intention to provide the proposed assistance to Tito on the basis of a *quid pro quo* MR. HICKERSON said that is the intention and we are now discussing the possibility of getting lead and copper out of Yugoslavia. The *quid pro quo* would be mainly in the economic field. Consideration will be given to the political possibilities but this requires very careful handling. MR. SATTERTHWAITE pointed out that it will not be too difficult for Tito to discontinue support for the guerrillas in Greece. This will be watched carefully and quietly by us.

<sup>2</sup> Robert P. Joyce, Member, Policy Planning Staff.

<sup>3</sup> Paul H. Nitze, Special Assistant to the Assistant Secretary of State for Economic Affairs.

<sup>4</sup> Walter A. Radius, Director, Office of Transport and Communications.

<sup>5</sup> Charles M. Hulten, Deputy Assistant Secretary of State for Administration.

<sup>6</sup> James Q. Reber, Special Assistant, Executive Secretariat.

<sup>7</sup> *Infra*.

b. MR. HICKERSON believed that government commodity credits through the Eximbank should not be included at this time. Since developments will be constantly under review, there may come a time when we may wish to extend governmental credits. That question should be brought to the Secretary's personal attention. MR. NITZE inquired whether the Eximbank might be permitted to make unguaranteed loans to U.S. exporters for exporting goods to Yugoslavia. MR. HICKERSON believed that this should also be considered later as the situation is reviewed, and such a question should also be brought to the Secretary's personal attention.

c. MR. NORTON believed that this proposal should be tied in with NSC-15,<sup>8</sup> which deals with our policy on aviation matters in the satellite countries.

d. MR. DANIELS inquired what would be the probable reaction of European countries to the proposed policy? MR. HICKERSON replied that the question has been discussed with the British and their reaction is good. It has not been discussed with the French for fear of a leak. The reaction of other countries with whom this has been discussed is favorable.

e. MR. GROSS inquired whether this policy should require Yugoslavia to enter into multilateral arrangements in the commercial credit field with the OEEC countries. MR. NITZE replied that Germany is the principal supplier of Yugoslavia and that Clay will be making bilateral arrangements with Yugoslavia. To a less extent other individual countries in the OEEC area could make bilateral arrangements but not multilateral.

f. MR. RUSK believed that the paper going to the NSC should not make reference to our discussions with the U.S. Ambassadors, which, of course, the Department will accomplish as a matter of internal administration.

g. MR. WEBB inquired how the interdepartmental relations would be handled in as much as there exists an interdepartmental committee on export control, headed by Commerce, which would be affected. MR. JOYCE suggested, and there was general overt and tacit approval expressed which satisfied Mr. Webb, that the Secretary of Commerce should be invited to the NSC when the consideration of this paper is on the agenda.

h. MR. NORTON expressed dissatisfaction with the coordination within the Department and within the missions abroad regarding our Yugoslavia policy that was put into effect last July. He proposed (1) that within the Department one person be assigned the responsibility for implementing the proposed policy, and (2) that it make certain the people in the missions abroad who need to know the policy in order to carry it out should be informed. MR. WEBB, agreeing with expressions by Mr. Bohlen and Mr. Hickerson and others, stated that within the Department he believed Mr. Rusk and Mr. Hickerson should take the lead on the implementation of this but that since all top officers were now informed of our policy it was their individual responsibility, as for example, Mr. Thorp's area, for the Assistant Secretary to inform the people below him who need to know; in the field the ambassador must be made responsible for disseminating the information to the people who need to know within his mission.

<sup>8</sup> For text of document NSC 15/1, July 12, 1948, "U.S. Civil Aviation Policy Toward the USSR and Its Satellites", see *Foreign Relations*, 1948, vol. iv, p. 451.

[The remainder of this meeting was devoted to the consideration of the Department of State's responsibility for psychological warfare policy and planning, activities of the Policy Planning Staff, the control of the Ruhr, and certain Departmental resignations and assignments.]

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Under Secretary's Meetings, Lot 53 D 250

*Paper Prepared for the Under Secretary of State's Meeting*<sup>1</sup>

SECRET

[WASHINGTON,] February 14, 1949.

UM D-3

ECONOMIC RELATIONS BETWEEN THE UNITED STATES AND YUGOSLAVIA

PROBLEM

To gain maximum advantage for the United States out of Tito's deviation from Kremlin hegemony.

DISCUSSION

It is apparent by now that the gulf between the Tito regime and the Kremlin is practically unbridgeable. By ascertaining that he, Tito, represents the true Marxist-Lenin orthodoxy, by calling the Kremlin's brand of communism "erroneous" and "outmoded" and by thus flouting the thesis that world communism is under the strict leadership of the Kremlin, Tito has committed an unforgivable heresy. As confirmation of this, reliable information indicates that the Cominform attempt to infiltrate and subvert Tito's regime has been intensified, as has the Cominform's propaganda against him.

If the self-made Tito regime succeeds, its existence will be an "erosive and disintegrating force . . . within the Kremlin's power sphere . . . a vital weakness in Russia's expansionist plans." All nationalist-inclined "deviationists" in Communist parties everywhere will be provided with a potent example of a successful Communist opposition to Moscow. This fact, particularly as it applies to China's equally self-made Communist conquerors—is of great political and strategic significance to the United States.

If the Tito regime succumbs, the only government which will take its place is one truly subservient to Moscow, which will impose on the Yugoslav people an even worse dictatorship than that they suffer under at present. Cominform propaganda would then waste not an

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<sup>1</sup> This paper was presumably prepared by the Secretariat of the Under Secretary of State's Meetings. It appears to be based upon Policy Planning Staff paper PPS 49, February 10, 1949, which was subsequently submitted to the National Security Council. Regarding the National Security Council action that followed, see editorial note, p. 868.

This paper was considered by the Under Secretary's Meeting of February 14; see *supra*.



instant in pointing to the ruin of Tito as the certain fate of those who desert the Kremlin.

The stability of Tito's regime is very gravely threatened by the economic boycott relentlessly being imposed upon him by the Cominform countries. If Yugoslavia is not given economic aid from some source, there is grave danger that Tito will be overthrown.

While isolated from the East, Tito has not "come over to the West." His regime has continued to attack the United States with the traditional Communist epithets. He exercises a totalitarian control which, while repugnant to our form of government, he refuses to broaden at the present juncture, to include non-Communist element, since such a liberalization, as Tito the realist knows, would indicate weakness and would provide an opportunity for Cominform agents to undermine his power and overthrow him more quickly.

A relaxation of US export-licensing controls in favor of Yugoslavia :

(a) would provide desperately needed aid to Tito and help keep his regime in existence as a cancer in the Cominform apparatus;

(b) would hasten the "forces of economic, political and ideological attraction which are inexorably drawing Tito toward the West"—probably to so great an extent that Tito could be persuaded to cease his aid to the Greek guerrillas;

(c) would not materially contribute to the military potential of the Soviet sphere since (i) Yugoslavia would presumably not reexport to Cominform countries, and (ii) US export controls would be retained on goods to Cominform nations;

(d) would enable the US to increase its export of usable mineral ores and concentrates.

#### RECOMMENDATIONS

Subject to the advice and discretion of the United States Ambassador in Belgrade and to a continuous review of current developments, it is recommended :

1. 1-A List <sup>2</sup> goods to Yugoslavia should be licensed for export as serves the national interest. The Secretary of State is to set forth the foreign policy considerations which should guide the making of these decisions.

2. 1-B List <sup>2</sup> goods or lower should be promptly licensed for export to Yugoslavia without interdepartmental clearance.

3. Short-supply goods not representing a threat to our national security should be licensed for export to Yugoslavia so as to cover the genuine immediate needs of the Yugoslav economy to the extent that available supplies and ERP requirements permit.

4. Goods on the AEC's list should of course not be licensed for shipment to Yugoslavia.

5. OEEC countries should be notified of our adoption of this policy and informed that the US has no objection to their following a similar

<sup>2</sup> Regarding the lists under reference here, see footnote 2 to telegram 96, January 19, from Bern, p. 65.

course of action. Special consultative arrangements should be made for the reexport of 1-A goods.

6. If advance US governmental approval is requested for placement of orders for goods requiring a long production period, general assurance of eventual licensing should be given at once for all items in 1-B. Such assurance for 1-A items should be given if the inter-departmental committee approves.

7. In view of Yugoslavia's critical balance of payments situation, short or medium-term commercial credits, including government commodity credits and International Bank loans should be permitted.

8. The implementation of the above recommendations should be done in a quiet routine manner in order to avoid the impression that US policy toward Tito is undergoing "radical change." In case of public inquiry, it should be stated that (a) in exchange for products exported, the U.S. is receiving strategic imports from Yugoslavia and (b) this Government does not like Tito's Communist regime and that our relaxation of export controls signifies neither appeasement nor approval of Tito.

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860H.00/2-1449 : Telegram

*The Secretary of State to the Embassy in Yugoslavia*

SECRET

WASHINGTON, February 14, 1949—6 p. m.

69. Will appreciate comments Emb Belgrade and Vatican on suggestion here that might be possible intimate to Tito advantageous effect which would result release Archbishop Stepinac now.<sup>1</sup> This regard, noted House has passed concurrent Resolution condemning Hung and Yugo authorities in Mindszenty and Stepinac cases and urging US Govt take action, including possible reference UN, connection both.<sup>2</sup>

Sent Belgrade, Rome for Amvat.<sup>3</sup>

ACHESON

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<sup>1</sup> A memorandum of February 9 by Marshall S. Carter, Special Assistant to the Secretary of State, not printed, indicates that the "suggestion" under reference here was made by Congressman John McCormack of Massachusetts during a telephone conversation with the Secretary (860H.00/2-949).

<sup>2</sup> For documentation regarding the concern of the United States over the arrest, trial, and conviction of József Cardinal Mindszenty, Roman Catholic Primate of Hungary, see pp. 451 ff. For the text of the resolution under reference here, unanimously agreed to by the House of Representatives on February 9, see Department of State *Bulletin*, February 20, 1949, p. 231.

<sup>3</sup> This telegram was repeated to Vatican City as Amvat 6.

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*Editorial Note*

At its meeting on February 17, 1949, the National Security Council adopted a report to President Truman reviewing developments in Yugoslavia and recommending a policy of relaxation over export controls to Yugoslavia. The report, designated NSC 18/2, was approved by the President the following day.

The text of the report was not declassified in time to be included in this volume of documents.

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S60H.00/2-1749 : Telegram

*The Ambassador in Yugoslavia (Cannon) to the Secretary of State*

SECRET

BELGRADE, February 17, 1949—7 p. m.

165. We have given much thought to possible repercussions of Mindszenty case inside Yugoslavia and on development Yugoslav policy and have come to difficult conclusion that cause of religious freedom here and political stakes of widening Tito-Stalin breach both require minimizing Stepinac parallel (Deptel 69, February 14<sup>1</sup>).

Outside world knows that both were convicted because of opposition brutal regimes their countries. Both were victims of ruthless policy stamp out positive influence Catholic Church in favor democratic way of life. Within Yugoslavia Stepinac case is not solely case of opposition to a hated regime but has roots in the ancient animosities between the Orthodox and Roman Catholic Churches and between Serb and Croat. Case extends beyond Communists and non-Communist conflict to point where passions incited by infamous Pavelic<sup>2</sup> and his wartime Croat Ustashi state still smoulder.

Admittedly world conscience demands action on behalf Stepinac but we should choose timing and method to ensure that benefits outweigh probable disadvantages. We think that US approach here along lines indicated Deptel 69, February 14 could have no positive result at this time. It would be subject to all objections previously advanced by Embassy to proposals that we endeavor utilize Tito's dilemma to extort political advantages from him. Acquiescence on Tito's part would so materially weaken his position vis-à-vis Cominformists that his rejection of our approach can be taken for certain. This coupled with Yugoslav pride and stubbornness might well lead to increased persecution of Catholic Church.

Yugoslav Government's repressive actions re church are intermittent. In recent months we have been experiencing an inactive phase though we cannot yet judge whether this relative improvement reflects policy trend. At all events we think that hope for Stepinac and generally increased freedom in this country can best be based on the conviction that in long run Tito rift must lead to drift to west and toward forms of accommodation with west.

I am sure Department realizes that we here have almost daily reminders of ruthlessness and cruelty this regime in suppression of

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<sup>1</sup> Ante, p. 868.

<sup>2</sup> Ante Pavelić, head of the so-called Independent Croatian State, 1941-1945.



human rights and liberty and that we will take advantage all opportunities that this evolution may bring.

Sent Department 165, repeated Rome unnumbered, Rome pass to Amvat.

CANNON

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611.60H31/2-1749

*Memorandum of Conversation, by the Deputy Director, Office of European Affairs (Thompson)*

SECRET

[WASHINGTON,] February 17, 1949.

In the course of a conversation on another matter, Mr. Allen<sup>1</sup> said that the Foreign Office was actively considering their Yugoslav policy and that the matter had been discussed on a ministerial level and that a telegram had been sent to Belgrade asking their Ambassador for his comments. Their present line of thinking was that in order not to involve Tito in difficulties with his own Politburo, they should be careful not to make any direct approach. He said that the Ambassador might intimate to Tito that in accordance with Article 10 of the Trade and Payments Agreement concluded last December, the British Government was now prepared to consider a long-term trade agreement.<sup>2</sup>

I replied that we were also actively considering our policy and that within the next day or two, I hoped we would be in a position to give him some specific conclusions. I said that I believed our thinking coincided with theirs in that we believed we should assist Tito in maintaining his independence of Moscow and in overcoming the effects of the Soviet blockade by allowing him to obtain his vital import needs. I said we were thinking of facilitating the procurement by Yugoslavia of 1 B items and possibly, by mutual agreement, of some 1 A items, but I made it clear that no definite decision had been taken. I also pointed out that I believed we were in agreement that we should not make any specific political demands of Yugoslavia at this time.

I said that speaking personally I was somewhat disturbed at the suggestion that the British might conclude a long-term economic agreement. It seemed to me important to liberalize trade with Yugoslavia but to hold over Tito's head the possibility that this could be restricted at any time if he did not behave. While not asking any political concessions, it would be clear to him that the less his policies

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<sup>1</sup> Dennis Allen, Counselor of the British Embassy.

<sup>2</sup> Telegram 158, February 16, from Belgrade, not printed, reported that the British Embassy in Belgrade had been instructed by London to approach the Yugoslav Government regarding the beginning of formal negotiations on February 28 for a long-term trade agreement. If the Yugoslavs agreed, a British trade delegation would come to Belgrade to conduct the negotiations (611.60H31/2-1649).

opposed ours, for example, in Greece, the more likely this trade would be continued.

Mr. Allen said that this was not necessarily incompatible with a long-term trade agreement which might merely set targets which would have to be supplemented by specific short-term agreements. He said he would endeavor to obtain further information from the Foreign Office on this point.

LLEWELLYN E. THOMPSON

860H.00/2-1949 : Telegram

*The Representative at Vatican City (Gowen) to the Secretary of State*

SECRET

VATICAN CITY, February 19, 1949—2 p. m.

Amvat 11. ReDeptel 6, February 14.<sup>1</sup> Tardini,<sup>2</sup> Vatican Acting Secretary State discussed this matter with me today. He said:

(1) Stepinac prefers to remain a prisoner near his flock rather than regain his freedom away from Yugoslavia.

(2) Vatican can but approve of this decision.

(3) To release Stepinac and permit him resume full charge his archdiocese would only be act of justice. To release him on condition he leave Yugoslavia would be victory for tyranny.<sup>3</sup>

(4) Prior to Stepinac's trial, Tito conveyed to Vatican unmistakable suggestion Stepinac be recalled to Rome, thereby avoiding trial. Vatican refused this suggestion feeling Stepinac innocent, and because his conduct entirely correct. Vatican felt that to have recalled Stepinac to avoid trial, would have been unwarranted humiliation, both for Stepinac and Church.

(5) No suggestion made by Hungarian Government Mindszenty be recalled, thus regaining freedom away from Hungary. Vatican would refuse such suggestion.

(6) Only outright freedom with complete liberty resume charge their respective dioceses in Yugoslavia and Hungary would satisfy Vatican in these cases as Vatican considers both defendants innocent victims ruthless persecution. Department may wish inform Belgrade.

GOWEN

<sup>1</sup> Same as telegram 69, February 14, to Belgrade, p. 868.

<sup>2</sup> Msgr. Domenico Tardini, Secretary for Extraordinary Affairs, Vatican Secretariat of State.

<sup>3</sup> Telegram 15, March 28, from Vatican City, not printed, reported on a conversation that day between Tardini and Gowen. Tardini predicted that the U.S.S.R. would hasten to settle its dispute with Yugoslavia, and Soviet troops might soon be at Italy's borders. Tardini expressed the view that limited Western aid to Yugoslavia in the form of foodstuffs might be acceptable, but war materials should not be provided because Tito as a Communist could not be trusted and would always be ready to turn against the capitalists in the West (840.20/3-2849).

711.00/2-1949

*Memorandum of Conversation, by the Assistant Secretary of State for  
Economic Affairs (Thorp)*<sup>1</sup>

TOP SECRET

[WASHINGTON,] February 19, 1949.

Participants: S—Mr. Acheson  
ECA—Mr. Hoffman<sup>2</sup>  
E—Mr. Thorp

1. Mr. Hoffman stated that he was still unhappy concerning our China policy. He elaborated at some length on a memorandum from Harlan Cleveland<sup>3</sup> to Mr. Hoffman, dated February 8, 1949, which he left.<sup>4</sup> Mr. Acheson said that he would give the matter careful study. (He later asked that Mr. Butterworth analyze the memorandum carefully, and that a meeting be arranged with the Secretary, including those particularly concerned with China policy, to discuss the matter.)

2. Mr. Hoffman stated his great concern that too much emotion was being focused against Communism. He felt that the Kremlin had as a primary objective the establishment of satellite police states, and only as a secondary objective the acceptance of its particular ideology. He feels that we should focus our efforts against the extension of the establishment of satellite police states and that we have by no means lost this battle in China.

3. Concerning a possible development in our policy with respect to Yugoslavia, he feels that this should be governed by the second proposition, and that we should not be so much concerned with ideology as with the effort to weaken its situation as a satellite state. However, this is a rather sophisticated point of view and needs considerable explaining. In particular it is important that it be explained to Cardinal Spellman.<sup>5</sup> Mr. Acheson commented that Cardinal Spellman was somewhat concerned with ideology, and Mr. Hoffman said that the problem was to convince him that one should not make the factor of communism as such a completely controlling force in practical policy, particularly in the cases of China and Yugoslavia. Mr. Hoffman said that he knew Cardinal Spellman fairly well and would be willing to discuss the problem with him, but that there might well be another intermediary who would be better. Mr. Acheson said that it was an exceedingly valuable suggestion and certainly should be followed. He mentioned that there were a number of people who might have

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<sup>1</sup>The source text bears the marginal notation "Action completed" in an unidentifiable handwriting.

<sup>2</sup>Paul Hoffman, Administrator, Economic Cooperation Administration.

<sup>3</sup>Harlan Cleveland, Director, China Program, Economic Cooperation Administration.

<sup>4</sup>The memorandum under reference is not printed. Documentation on events and policies regarding China is presented in volumes VIII and IX.

<sup>5</sup>Francis Cardinal Spellman of New York.



suggestions on this, such as Messrs. Allen and Russell in the Department and Niles and Connelly at the White House.<sup>6</sup> (After the meeting Mr. Acheson said that Dean Rusk should consider what would be the best approach to the Cardinal.<sup>7</sup>)

W[ILLARD] L. T[HORP]

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<sup>6</sup>The references here are to George V. Allen, Assistant Secretary of State for Public Affairs, Francis H. Russell, Director of the Office of Public Affairs, Department of State, David K. Niles, Administrative Assistant to the President, and Matthew J. Connelly, Secretary to the President.

<sup>7</sup>No additional documentation has been found in the files of the Department of State regarding any approach to Cardinal Spellman.

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840.50 Recovery/2-2549 : Telegram

*The Secretary of State to the Embassy in Yugoslavia*<sup>1</sup>

SECRET

WASHINGTON, February 25, 1949—7 p. m.

92. Tel to Paris for Harriman of Feb 22 rptd Belgrade as 84<sup>2</sup> reported recommendations approved under Feb 18 revision policy on US-Yugo economic relations. There follows resume of policy conclusions lying behind recommendations, reflecting your observations over recent months.<sup>3</sup>

In obvious interest US that "Titoism" continue exist as erosive and disintegrating force in Sov sphere. Tito's position precarious, may soon become desperate as result economic boycott. Only solution to his economic dilemma lies in developing trade with West. Tito and lieutenants are Yugo nationalists, also realists, not prepared to face extinction for Marxist tenet. But pressure now to modify Tito's dictatorship wld weaken Tito internally and threaten his overthrow by Cominform. Cominform also wld seize upon dissolution Tito regime in chaos, econ ruin to demonstrate fate of deserters of Moscow. Therefore, in sum, we are endeavoring to keep Tito strong enough to continue resistance to Cominform.

We will, however, constantly endeavor to exert as early as possible sufficient pressure on Tito to abandon assistance to Gr guerrillas. Yugo leaders still identify themselves with Kremlin's policy toward West. Appear confident they can maintain themselves by obtaining industrial equipment from West. However, as situation develops and Cominform

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<sup>1</sup>This telegram was repeated to Paris for Harriman as 592, London as 641, Moscow as 113, Athens as 256, and Rome as 344.

<sup>2</sup>A summary of the recommendations contained in document NSC 18/2 was transmitted in telegram 545, February 22 to Paris for Ambassador Harriman from the ECA and the State Department, and was repeated to London as 606, to Belgrade as 84, to Rome as 314, to Geneva as 177, to Frankfurt as 107, to Moscow as 102, and to Athens as 234. (660H.119/2-2249) Regarding NSC 18/2, which was approved by President Truman on February 18, see editorial note, p. 868.

<sup>3</sup>A copy of NSC 18/2 was subsequently transmitted to the Embassy in Belgrade as an enclosure to instruction 18, February 28, not printed (660H.119/2-2249).

political pressures increase Yugo leaders expected be in more receptive state to discuss political matters in general and to reexamine policy in terms closer political and economic relations with West in face of Russ imperialist pressure.

You shld keep continuously in mind that in our vital interests that Yugo cease support Gr guerrillas. Tito (at opportune time) shld be made clearly understand US not prepared continue make available goods or assist him increase level Yugo economy so long as his regime supports insurrection against freely elected Govt, UN member, which being militarily supported by US. Believed that when Tito faced with choice his own vital interests will compel him to cease assistance. This not impossible for him ideologically nor, at proper time, shld it weaken his internal situation in Yugo. But given Tito's present position not in our interest try to extract specific political commitments from him now. Balance between economic assistance to Tito and his support of guerrillas is delicate and shld not be disturbed by forcing Tito at outset to choose. Although impossible now to know what eventually can be accomplished with Tito, certainly nothing possible unless certain economic bargaining counters are placed in your hands, to be used carefully and cautiously.

Relaxation export controls, fully reported reftel is one immed means implement foregoing policy maintain Tito's resistance to Cominform, as are conclusion Bizone-Yugo trade agreement (Deptel 90 of Feb 25 <sup>4</sup>) and ECA readiness buy copper, lead for OEEC countries (Deptel 83 Feb 22 <sup>5</sup>).

It is recognized that at present it wld not be practicable nor advisable to try to get firm commitment from Tito that Yugo aid to Gr guerrillas wld be stopped. However, after Yugos receive concrete indications US readiness expand trade and relax export controls, with examples such as those preceding para and blooming mill (still undecided), you should take appropriate occasion point out to Yugo Govt contradiction of US supplying Tito while US aiding Gr Govt in suppressing rebels which Tito supports. Dept will keep you informed progress on trade and export control matters to assist timing ur conversations. (Obviously implementation long-run objective bring about free selection by Yugo people of govt their choice must await considerable further developments.)

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<sup>4</sup>Not printed. A trade and payments agreement was concluded between the Joint Export-Import Agency (the trade authority for the U.S.-U.K.-French zones of occupation of Germany) and Yugoslavia on March 23, 1949. The terms were less restrictive than those applied to JEIA agreements with other Eastern European countries.

<sup>5</sup>Not printed; it suggested that the ECA missions in France, Austria, Italy, Netherlands, and Trieste indicate to appropriate government officials that the ECA was prepared to finance lead and copper purchases in Yugoslavia as a replacement for ECA procurement of these metals from the Western Hemisphere (840.50 Recovery/2-2249).

At same time Dept will hear proposals if any which Filipovic brings from Belgrade and point out same considerations in discussions with him. Believe that unique ready availability in US goods required by Yugo will assure our bargaining position in unlikely eventuality Yugos appear intend remain adamant indefinitely on Gr situation.

Consider informal discussion (Paris unnumbered to you Feb 21 <sup>6</sup>) between Harriman as ECE Rep and Filipovic <sup>7</sup> useful, if requested by latter, and see no objection general discussion expansion Yugo trade with West.

ACHESON

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<sup>6</sup> Not printed.

<sup>7</sup> The reference here is to Milenko Filipović, Yugoslav Deputy Minister for Foreign Trade and Chief of the Yugoslav Delegation to the Economic Commission for Europe. In January 1949, during meetings of the Economic Commission for Europe, in Geneva, Filipović approached Paul Porter, Deputy United States Representative to the Economic Commission for Europe, with a suggestion that the United States increase its imports of metals from Yugoslavia.

In March 1949, Filipović became Minister-Economic Counselor of the Yugoslav Embassy in Washington.

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S40.50 Recovery/2-2649 : Telegram

*The Ambassador in the United Kingdom (Douglas) to the Secretary of State*

SECRET

LONDON, February 26, 1949—2 p. m.

712. Department will have received Foreign Office views (telegraphed to British Embassy February 21 for communication to Department) re danger of too early or too precipitous advances to Tito by Western Powers.<sup>1</sup> Though British and our thinking similar as to long term goals they are not in agreement with US as to immediate course of action to pursue. Wallinger <sup>2</sup> emphasized this in conversation February 25 when he told Embassy officer that British views had been sent to Washington, by saying that unfortunately they arrived too late, that is after decision of NSC and President (of which Foreign Office had been informed by British Embassy).

In discussion paragraphs one through nine of Deptel 606, February 22,<sup>3</sup> Wallinger stressed inevitability of Russians learning of change in our policy toward Tito and possible Russian reaction. (See

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<sup>1</sup> Telegram 674, March 1, to London, repeated to Harriman at Paris as 628, not printed, commented on the first sentence of this message. It suggested that an appropriate opportunity Ambassador Douglas might indicate to the British Foreign Office that current U.S. policy on Yugoslavia involved no advances but merely placed the U.S. in a position to deal with advances that Yugoslavia might make. Revision of export licensing policy was necessary to provide adequate flexibility in case such advances were made (660H.119/2-2649).

<sup>2</sup> Geoffrey A. Wallinger, Head of the Southern Department, British Foreign Office.

<sup>3</sup> Not printed ; see footnote 2 to telegram 92 to Belgrade, *supra*.



Torep 634, Toeca 738.<sup>4</sup>) He said that regardless of our intent not to make any public announcement of any kind nor to make any formal statement re new policy Russians would know of change almost as soon as we notified OEEC countries as contemplated in paragraph five reftel.

Wallinger stated that by moving in too fast just at present when Russians are closing in on Tito (publication of correspondence re denial to Yugoslavia of membership in EMA Council,<sup>5</sup> elimination of diversionist elements in Markos forces, and Russian moves in connection with Trieste and Austrian treaty) we risked provoking strenuous Russian reaction and added "they might even shoot Tito".

Our policies toward east-west trade in general and Yugoslavia in particular will be most effective if closely coordinated with British. Therefore, it would be desirable to reach agreement as to timing and implementation of policy so far as possible.

Sent Department 712, repeated Paris 129.

DOUGLAS

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<sup>4</sup> Neither printed.

<sup>5</sup> i.e., the Soviet-sponsored Council for Economic Mutual Assistance of Eastern European satellites.

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660H.119/3-249 : Telegram

*The Secretary of State to the Embassy in Greece*

SECRET

WASHINGTON, March 2, 1949—6 p. m.

288. When notified by Harriman that OEEC countries with whom US seeking agreement on control exports to Eastern Eur (in which Greece not included) are to be apprised revised policy US exports Yugo (Deptel 234, Feb 22<sup>1</sup>), you shld inform Pipinelis<sup>2</sup> and/or other competent Grk officials revised US policy, emphasizing arguments (Deptel 256 Feb 25<sup>3</sup>) underlying decision not to insist on political concessions from Tito at this time in advance of relaxation export and trade controls. Point out that one of main objectives in embarking on revised attitude toward Tito is to effect lasting change in Yugo policy toward Greece but that we are convinced Tito would be forced to reject any direct approach along those lines under present circumstances. We believe situation such that apparently slow and indirect route may in long run lead to most satisfactory and permanent solution. Urge Grk officials treat info as highly confidential for much

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<sup>1</sup> Not printed; see footnote 2 to telegram 92 to Belgrade, p. 873.

<sup>2</sup> Panoyotis Pipinelis, Greek Permanent Undersecretary of State for Foreign Affairs.

<sup>3</sup> Same as telegram 92, February 25, to Belgrade, p. 873.

of anticipated success depends on gradual and unpublized implementation approved recommendations.<sup>4</sup>

Complete text NSC document embodying recommendations being airmailed.<sup>5</sup>

Harriman pls advise Athens appropriately.<sup>6</sup>

ACHESON

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<sup>4</sup>Telegram 511, March 17, from Athens, not printed, reported that the views set forth in this message had that day been conveyed to Pipinelis who expressed warm agreement with the policy and with the reasoning that led thereto. Pipinelis believed and the Embassy concurred that possible Greek public and press reaction gave no cause for concern and ought not to deter or impair implementation of U.S. and Greek policies (660H.119/3-1749).

<sup>5</sup>A copy of NSC 18/2, February 17, was transmitted to the Embassy in Athens as an enclosure to instruction 45, March 5, not printed (660H.119/3-549).

<sup>6</sup>This telegram was repeated to Paris for Harriman as 659 and to Belgrade as 99.

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860H.014/3-849 : Telegram

*The Ambassador in Yugoslavia (Cannon) to the Secretary of State*

SECRET

BELGRADE, March 8, 1949—noon.

237. Disclosure official protests and counterprotests re Yugoslav-Hungarian border incidents (Embtel 235 March 7<sup>1</sup>) parallels similar situation re Yugoslav-Albanian border (Embtel 187 February 24<sup>2</sup>) and in conjunction with Serb Minister Interior statement re infiltration Hungarian and Bulgarian agents (Embtel 193 February 25<sup>3</sup>) indicates steadily mounting tension on Yugoslavia's Cominform frontiers.

Our thinking on basis evidence available here inclines to theory that major Cominform political effort would come thru Macedonia and that reorganized Greek guerrillas and Slavo-Macedonians have been selected as primary agents. This device would have incidental benefits of avoiding governmental responsibility, of striking in area of historic and current unrest and of creating most difficult situation for Yugoslav Government. Last element may be most important for if Yugoslav Government takes appropriate countermeasures Cominform

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<sup>1</sup>Not printed; it reported that *Borba*, the newspaper of the Communist Party of Yugoslavia, had that day carried a long front-page article reviewing recent exchanges of notes between the Yugoslav and Hungarian Governments on alleged border violations (760H.6415/3-749). The text of the *Borba* article was subsequently transmitted to the Department as an enclosure to despatch 92, March 8, from Belgrade, not printed (760H.6415/3-849).

<sup>2</sup>Not printed; it reported that the Yugoslav press had unleashed an intensive propaganda campaign against Albania, its leaders, and its policies (760H.75/2-2449). The campaign was reported upon in detail in despatch 83, March 4, from Belgrade, not printed (760H.75/3-449).

<sup>3</sup>Not printed; it reported that the Serbian Minister of Interior, Slobodan Penezić, had discussed Cominform infiltration tactics during an address on February 19 to a special session of the People's Assembly of Serbia (860H.032/2-2549).

would have adequate evidence for its charge that Tito has sold out to west and united Greek and Bulgarian Macedonians would exploit possibilities furthest. That Yugoslav Government seems fully conscious these possibilities may be assumed from yesterday's Pijade blast (Embtel 234, March 7<sup>4</sup>).

On this theory Hungarian and Albanian border provocations would be minor diversions designed (1) step up war of nerves (2) prevent Yugoslav concentration on Macedonia and (3) weaken Yugoslav economy and dissipate resources more or less analogously to rolling strikes in west Europe. Cominform strategy may thus plan drive Yugoslavia farther and faster to west politically as it may have hoped to do economically by exclusion from CMEA. We have no doubt Moscow realizes nothing can be so corrosive to its world-wide program as continued existence orthodox but anti-Kremlin Communist state.

We have been unable find evidence here to support Budapest's recent series telegrams re mobilization signs (see particularly its 368 March 5<sup>5</sup>) and have received no corroborating information from missions in Yugoslavia's other neighbors but there always danger explosion in type of projects now being tried out on Yugoslav borders.<sup>6</sup> Surely Moscow is aware of that risk.

Public display 14 captured or refugee Hungarian soldiers at Belgrade railroad station Sunday morning may be taken as fresh evidence Yugoslavs will not be intimidated. I talked with Vice Minister Popovic yesterday afternoon. He showed no nervousness whatever and accounted for Hungarian and Albanian provocations as intensified war of nerves.

If other information available to Department suggests that situation is in fact more ominous than we have hitherto believed it seems necessary that plan US action be formulated. In event of invasion something more immediately effective than reference to SC would be necessary. It would be useful to know for example how Department

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<sup>4</sup> Not printed; it reported on a major article by Moša Pijade, member of the Politburo of the Yugoslav Communist Party, Vice Chairman of the Presidium of the Skupština (Parliament), and leading official Yugoslav publicist, appearing in *Borba* on March 6 and entitled "Regarding the Question of the Balkan Federation" (868.00/3-749). The text of the article was transmitted to the Department as an enclosure to despatch 90 bis, March 9, from Belgrade (760H.74/3-949).

<sup>5</sup> Not printed.

<sup>6</sup> Telegram 264, March 18, from The Hague, not printed, reported that the Netherlands' Foreign Ministry was inclined to give credence to a prediction by the Dutch Minister in Belgrade of imminent armed action against Yugoslavia by the Eastern European satellites (760H.61/3-1849). Telegram 268, April 7, from Bucharest, not printed, reported that the Legation had made every effort for several months to investigate repeated rumors of heavy Soviet troop movements through Dobruja and along the Romanian-Yugoslav frontier but had obtained no confirmation. The Legation was inclined to attribute the rumors to Soviet and Romanian "stooges" as part of a war of nerves against Yugoslavia (861.2371/4-749).



would like me to react if occasion should arise for ascertaining Yugoslav Government's needs for military material.<sup>7</sup>

Pass to Defense.

CANNON

<sup>7</sup> Telegram 122, March 11, to Belgrade, stated that the Department shared Ambassador Cannon's appraisal set forth in this telegram. The Department was studying the entire situation in consultation with other interested agencies of the government (868.014/3-1149).

Additional documentation regarding the changes in policies within the Greek revolutionary movement, the possible creation of an independent Macedonian republic, and the relationship of these developments to relations between Yugoslavia and Greece is scheduled for publication in volume VI.

611.60H31/3-2949 : Telegram

*The Secretary of State to the Embassy in Yugoslavia*

CONFIDENTIAL

WASHINGTON, April 1, 1949—7 p. m.

163. Re Embtel 332 Mar 29,<sup>1</sup> it is neither possible nor desirable to indicate to Yugo Gov any list of goods which it will or will not be possible for them to acquire in US. As Emb aware decisions under NSC 18/2 will be made on individual basis and only items completely excluded at present are those related aviation. General statement in penultimate sentence Embtel is endorsed. Emb may indicate we are prepared consider explicit requests as they are made, although in some instances considerable time is necessary for making decisions and therefore specific items shld be mentioned earliest possible. Blooming mill question still under active consideration as is question Banbury mixers for tire plant. Under present circumstances aviation gasoline cannot be furnished. Filippovic has mentioned mining machinery in general terms,<sup>2</sup> but nothing can be done about such machinery until specific requests outlined.

Dept is of opinion Emb shld reemphasize to Yugo Gov importance early specific and detailed advice on Gov to Gov basis of items desired from US. Shld also point out there will be instances in which licenses will be denied but that in opinion US Gov substantial trade is possible and desirable and there shld be no embarrassment or reluctance on

<sup>1</sup> Not printed; it reported on a long conversation that morning between Yugoslav Vice Minister for Foreign Trade Stanislav Kopčok and officers of the Embassy. Kopčok cautiously but unmistakably indicated earnest Yugoslav desire for continued and permanent expansion of trade with the U.S., but he also voiced Yugoslav concern over the treatment accorded Yugoslav export license applications (660H.119/3-2949).

<sup>2</sup> Milenko Filipović, newly appointed Minister-Economic Counselor of the Yugoslav Embassy in Washington, held a conversation with officers of the Department of State on March 22 regarding a Yugoslav desire to purchase mining machinery in the U.S. provided a loan for this purpose could be obtained from the International Bank for Reconstruction and Development. Bernard Connelly's memorandum of this conversation is not printed (860H.51/3-2249).

part Yugo Gov in discussing confidentially its specific requirements for goods from US, which will be reviewed carefully and sympathetically in light prevailing circumstances. In this connection, you might mention to Yugos that we have recently approved licenses for 10 oil well drilling rigs, 5 mobile machine shops, and nearly \$7 million of other items.

ACHESON

760H.61/4-449 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, April 4, 1949—noon.

829. As seen from here, Kremlin is committed to liquidation of Tito and its efforts to accomplish this purpose must inevitably continue at ever accelerating pace. Temptation to use direct military force must be very great, in view possibility this is the outstanding case in world in which US and its allies would be reluctant actively to intervene. Kremlin must estimate West public would be very cold at this stage toward military aid to a dictator who continues profess orthodox Communism and hostility toward West. On other hand Moscow must be aware this attitude could change as result gradual development Yugoslav-West trade relations, if accompanied by diminution Tito's proclaimed anti-West militancy. Moreover, Kremlin would have no moral scruples about such use of force, which it did not hesitate to apply in early twenties, at instance Stalin, to snuff out Caucasian republics independence.

However, several considerations in our view counsel against such use of force against Tito in near future, despite recent reports (as Hague's 264 to Department March 18<sup>1</sup>) :

1. Possibility that Tito would be able effectively to resist. In this connection, unlikely satellite forces alone (or even stiffened by Soviet elements) sufficient for rapid or clean-cut conquest. Moreover, lessons of failure all-out German blitz 1941 to prevent protracted mountain resistance, certainly not lost on Kremlin, must make problematical complete, lightning conquest even by direct use Soviet armed forces.

2. Possibility Western powers would eventually decide to come to aid of Tito or other continuing resistance forces, thus bringing the Soviet Union into direct conflict with the West, situation for which it is not now prepared.

3. Ideologically devastating phenomenon which would thus be presented (despite Kremlin efforts portray as "liberation"), demonstrating that in diametric opposition to Marxist-Leninist theory, armed conflict in a polarized world takes place in Communist rather than non-Communist camp. Effect of such a spectacle on whole ideology of Communism and on attitudes of other satellite regimes would clearly be far-reaching.

<sup>1</sup>Not printed, but see footnote 6 to telegram 237, March 8, from Belgrade, p. 878.

On balance, we inclined believe Kremlin will continue indirect methods, but expect these will be used with increasing vigor. It would be our guess that Tito is likely to face widespread guerilla activities on Greek pattern beginning this spring, concentrated on but not limited to border Macedonia. These guerilla groups would be composed of Greek, Yugoslav and Bulgar Macedonians, nucleus of which already in existence, plus renegade Yugoslavs and Yugoslav ethnic minorities in Rumania, Hungary and Albania. Kremlin's calculation probably that while West has indicated intention of keeping Tito afloat economically under present conditions, it would be unwilling to extend such aid to point required to sustain Tito if his strength were drained over period of time by such guerilla activities.

Of course if indirect guerilla effort should fail produce expected results over period some months, Kremlin would be obliged reconsider question more direct methods. Question possible proclamation Yugoslav Government National Liberation or independent Macedonian regime would, as we see it, be largely based on tactical or propaganda considerations, on which our information too scanty to warrant speculation. In any case prospect seems to us require careful analysis and decision our ability and willingness follow through on implications our policy support Tito.

Sent Department 829, repeated Belgrade 19, pouched Athens, Sofia, Budapest, Bucharest, Praha, Warsaw, Nanking.

KOHLER

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611.60H31/4-1249

*Memorandum of Conversation, by Bernard C. Connelly of the Division of Southern European Affairs*

SECRET

[WASHINGTON,] April 12, 1949.

Participants: Mr. Sava Kosanovich, Yugoslav Ambassador  
 Mr. Milenko Filipovic, Yugoslav Minister-Economic  
 Counselor  
 E—Mr. Thorp  
 OFD—Mr. Knapp <sup>1</sup>  
 CP—Mr. Armstrong <sup>2</sup>  
 SE—Mr. Connelly

Ambassador Kosanovich called on April 12 at his request to introduce Mr. Filipovic, the newly arrived Minister-Economic Counselor at the Yugoslav Embassy, and to discuss various matters concerning US-Yugoslav economic relations.

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<sup>1</sup> Joseph B. Knapp, Director, Office of Financial and Development Policy (OFD).

<sup>2</sup> Willis C. Armstrong, Adviser on State Trading, European Branch, Division of Commercial Policy (CP).



The Ambassador said that the Yugoslavs had recently submitted to the International Monetary Fund full documentation regarding the Yugoslav economy to support their application that the Fund recognize the par value of the dinar as 50 dinars to one dollar, and asked that the United States Representative on the Fund favor the Yugoslav request. Mr. Thorp observed that we would give very careful consideration and study to this matter. He explained by way of background that whereas several years ago the Fund, due to unsettled world conditions and the lack of available statistics, was in general inclined to certify as the par value the rate suggested by the requesting country, since then various steps toward world recovery had been made, and statistical information was more readily available. Accordingly, in the interest of obtaining realistic exchange rates throughout the world, close study was now being given by the Fund to all such applications in order to determine the rate which would accurately reflect the requesting country's economic situation.<sup>3</sup>

The Ambassador then spoke of the pending Yugoslav application before the World Bank for a general loan of \$500 million. He said that the Yugoslav authorities had given most careful study to their requirements, and had come to the conclusion that a \$200 million loan to cover specific projects in the fields of agriculture, mining, and industry, would cover their needs. Mr. Filipovic had brought with him the detailed figures on these projects, had already submitted the papers relating to the agricultural proposals to the World Bank, and would shortly submit similar data on the mining and industrial programs. The Ambassador accordingly asked for a benevolent attitude by the US toward the Yugoslav request for the \$200 million loan. Mr. Thorp replied that we would be glad to examine very carefully all the information and data available relating to the Yugoslav application in order to determine our position in the matter.<sup>4</sup>

In answer to Mr. Thorp's inquiry regarding the present status of the ECE-World Bank timber loan, Mr. Filipovic remarked that agreement would shortly be reached. The only difficulty to be resolved was finding a formula which would permit the Bank to have its officials inspect the projects financed by the loan and at the same time recognize Yugoslavia's sovereign status and right to have a voice in controlling the activities of the Bank's inspectors. Both the Amba-

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<sup>3</sup> In his telegram 354, April 2, from Belgrade, not printed, Ambassador Cannon reported having discussed the question of the dinar-dollar exchange rate with Yugoslav Deputy Foreign Minister Aleš Bebler. Cannon suggested to the Department that the exchange rate matter be postponed for several months (S60H.5151/4-249).

<sup>4</sup> At the end of March 1949, the Department of State was informed that Yugoslav representatives were seeking private credits from the Bank of America and the Chase National Bank to finance purchases in the United States.

sador and Mr. Filipovic insisted that the inspectors would be permitted to go wherever they wished, and expected that the necessary compromise between the positions of the Bank and the Yugoslav Government would soon be reached. Mr. Thorp explained that when the US Government lends money to US corporations it frequently requires that Government officials be permitted even to sit on the board of directors of the corporation in order to follow carefully the uses to which government funds are being put. The Ambassador observed that of course the corporations did not permit such controls, and was most surprised to learn that they actually did agree to such measures.

Referring to the matter of US export licenses, the Ambassador asked whether it would be possible for the Yugoslavs to be given an indication of the types of articles which the Yugoslavs could purchase, in order to enable them to formulate their plans in the light of available items rather than expend considerable time and money on projects which were impossible of achievement because of their inability to obtain the necessary industrial equipment. Mr. Thorp pointed out that there was no concrete list of articles which could or could not be exported; that the availability for export of any particular item depended on numerous factors, supply for example, which were not constant, and that as a result there was considerable flexibility in regard to items which might or might not be licensed for export at any particular time. Supplementing Mr. Thorp's comment that we had recently approved a considerable number of Yugoslav export license applications, Mr. Armstrong stated that in the approximate three months period from January 1 through March 25 of this year over \$11 million worth of goods had been approved for export to Yugoslavia as compared to just over \$12 million worth of goods approved for export to Yugoslavia during the ten months from March through December of last year. Mr. Armstrong observed that in view of the flexibility of exportable items, it would be helpful if the Yugoslavs could provide us with a list of specific items in which they were interested. This list we would examine carefully and expeditiously, and would then indicate which items it appeared would, or would not, probably be available for export to Yugoslavia at the time they were ready for shipment. The Ambassador and Mr. Filipovic expressed their pleasure at this suggestion, and indicated that they would take advantage of this proposal.

As he was rising to depart Mr. Filipovic asked about the present status of the blooming mill, and was informed by Mr. Armstrong that we were trying our utmost to obtain an early decision on this item.

B[ERNARD] C. CONNELLY



660H.119/4-2049

*The Director, Office of European Affairs (Hickerson) to the Assistant Secretary of Commerce (Blaisdell)*<sup>1</sup>

SECRET

WASHINGTON, April 20, 1949.

DEAR TOM: I refer to our talk of yesterday concerning general US-Yugoslav trade relations, and in particular the informal Yugoslav request for an indication as to whether a license would be granted whenever the blooming mill which they wish to purchase here is ready for shipment.<sup>2</sup> My comments were intended to present our views primarily from the standpoint of our political relations with Yugoslavia, and it has seemed to me that it might be helpful in clarifying the problem if I amplified them a bit.

As we see it, the relaxation of our export controls with respect to Yugoslavia was designed for the primary purpose of implementing our over-all policies toward the Soviets by permitting Tito to buy urgently needed goods, and in this way to foster his independence of the USSR and strengthen his resistance to the Cominform. The NSC paper<sup>3</sup> thus had a major political objective. After returning to the Department I reread the NSC recommendations of February 17. In the light of this, I am convinced that in our conversation both you and I (and I quite as much as you) laid too much stress on imports from Yugoslavia.

The NSC recommendations lifting the prohibition on 1A items specified that goods in this category should be licensed after consultation with the Secretary of Defense when such licensing serves our national interest. It was further provided that the determination of our national interests in this matter should be based on foreign policy considerations. Action on a Yugoslav request for advance US Governmental approval for the placement of orders for goods requiring a long production period, likewise authorized by the NSC document, should, it would appear, also be determined on the basis of our national interests which in turn would be based on foreign policy considerations.

We had contemplated that in implementing this new relaxed trade policy toward Yugoslavia, each Yugoslav request would be examined individually on its merits and with relation to all the political as well as the economic factors involved. The NSC paper authorizes measures which are necessary for reasons of political expediency and provides,

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<sup>1</sup> Thomas C. Blaisdell, Jr., Assistant Secretary for Foreign and Domestic Commerce.

<sup>2</sup> The reference here is to the conversation between Hickerson and Blaisdell on April 19. Bernard C. Connelly's memorandum of this conversation is included in the Department of State files under 660H.119/4-1949.

<sup>3</sup> The reference is to NSC 18/2, February 17, not printed; see editorial note, p. 868.



with respect to any possible conditions which we might later impose on Tito, that these should be in the nature of political concessions on his part.

I am aware of the various considerations which you in the Department of Commerce must take into account when examining the individual export license applications, and I share your view that it might be helpful if we knew just how far we intended to go and what we could obtain from the Yugoslavs. On reflection, however, I feel that it would be inadvisable at this time to endeavor to discuss with the Yugoslav officials here the general subject of US-Yugoslav trade, within anything approximating a broad planned framework. Such talks might not only be construed by them as a specific approach by this Government, a step which is not in accordance with our present Yugoslav policy, but might be subject to misconstruction as comparable to the integrated programming we are undertaking with ERP countries, and might imply our assumption of a degree of responsibility for the implementation of the Yugoslav economic program. We think we should confine ourselves to the examination of specific purchase projects from the standpoint of Yugoslavia's reasonable requirements in the industry in question, world supply, and strategic potential.

Mr. Nikezic,<sup>4</sup> the new Yugoslav Commercial Attaché, was in the Department this morning, and again repeated that the Yugoslavs gave priority to the blooming mill over all the other things they wished to purchase. Additional attractive features are that it will take a minimum of twelve months to build this plant, that while it is under construction we will be receiving metals, and the Yugoslavs will be making progress payments to the American manufacturer. If when the plant is ready for export we find it is not in our national interest to issue the formal license, we can always refuse to do so through the contemplated "intervening unfavorable developments" escape clause.

From a political point of view we in the Department feel strongly that it is definitely in our national interest to give the Yugoslavs the advance assurance of a license within the terms mentioned. They regard this mill as a test case of our intentions to let them purchase items which they desperately require for their economy, and if the advance assurance is forthcoming it should strengthen them in their determination to fight the quarrel out with the Soviets, as it will be concrete evidence that they will probably have a source to which they can turn for at least certain kinds of industrial equipment.

Sincerely yours,

JOHN D. HICKERSON

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<sup>4</sup>Petar Nikezić served as Commercial Counselor of the Yugoslav Embassy in the United States from late March 1949.

860H.00/4-2549

*The Ambassador in Yugoslavia (Cannon) to the Secretary of State*<sup>1</sup>

SECRET

BELGRADE, April 25, 1949.

No. 162

SIR: I have the honor to present an organizational analysis of the Communist Party of Yugoslavia (CPY) which suggests the great influence Party structure and composition may have had for the origins, development, and defense of Titoism in Yugoslavia. In this study, primarily undertaken to tabulate the elements of Titoism, and to define its terms, the Department will note certain general conditions which, if identified elsewhere, could establish a presumption of the possibility of future Titoisms.

As used in this despatch, "Titoism" should be understood as a Communist movement which seeks to establish sovereignty with regard to its internal concerns and equality with other Communist Parties in international relations. Essentially, Titoism makes a claim for the national independence of those Communist Parties which are both Parties and Governments of States, and grants, or confines, the Soviet Communist Party (SCP) to a status of *primus inter pares*. As such, neither the Marxist economic dogma nor the Bolshevik organizational concept is involved. Titoism is not resistance to the USSR and sovietization, whether domestic or foreign, either in an antipathy to the class war and world revolution or in a desire for some form of compromise with the civil and economic freedoms of the Western world. Resistance to the USSR has come for such reasons and doubtless will continue, but this type of opposition is a factor of an earlier period, prior to the consolidation of power by the Communist Party involved, and is a struggle contested by non-Communist groups. Titoism can thus be taken as a phenomenon of a mature Communist period, and its only surprising aspect is perhaps that it developed so soon in Eastern Europe. Its causes and conditions are to be sought within the framework of the particular Communist Party concerned.

The conditions which have been most influential in producing Titoism in Yugoslavia seem to have been: 1) prerequisites of the consolidation of state power by the CPY and the elaboration of its Party apparatus; 2) the composition of the Party itself—less than 1% of whom have been members for more than eight years, 30% of whom saw war service under Tito, and 70% of whom are very recent members, largely uneducated, unacquainted with Marxism, and ignorant of any leadership other than Tito's; 3) the

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<sup>1</sup> Copies of this despatch, which was prepared by William K. K. Leonhart, Second Secretary of the Embassy in Belgrade, were also sent to the Embassies in Moscow, London, Paris, Rome, Athens, Warsaw, and Prague, and to the Legations in Sofia, Budapest, and Bucharest. The Department of State subsequently sent copies of this despatch to posts in China.

special characteristics of the CPY's leadership element, particularly its continuity in Party office and its comparative national insularity; 4) the attempt by the SCP to effect a sharp alteration in a set of CPY policies—agrarian, nationality, organization, and nationalist—which had established their own organizational validity and usefulness in the specific Yugoslav situation. These several aspects of the foundation of Titoism are investigated in the sections which follow.

[Here follows the descriptive, historical, and statistical body of the despatch, covering twenty-nine typewritten pages in the source text. The principal headings of the paper are as follows:

I. First Prerequisite: Consolidation of State Power

1. Government
2. Army
3. Security Apparatus
4. Mass Organizations
5. Public Opinion Media
6. Control of Industry and Economic Activity
7. The Interlocking Directorate of the CPY

II. Second Prerequisite: Elaboration of the Party Organization

1. Size
2. Distribution of Party Organization
3. Composition of the Party Organizations

III. The Composition of the CPY

1. Development of CPY Membership
2. Lack of Party Experience
3. Lack of General and Marxist Education
4. Influence of the Wartime Experience
5. The Special Characteristics of the CPY Leadership

IV. Post-War Soviet Policy and CPY History

1. The Markovic Period 1919-1928
2. The Martinovic-Gorkic Period 1929-1937
3. The First Tito Period 1937-1941
4. The Second Tito Period 1941-1945]

V. *Conclusions*

This review has posited the specific Yugoslav conditions for Titoism as: 1) the consolidation of internal state power by the Party and the elaboration of the Party organization; 2) the composition of the Party itself, 70% with less than three years Party experience, uneducated generally and in Marxism; almost 30% bound by the great emotional impact of war service under Tito; and less than 1% of the Party having an acquaintance with Communism prior to the construction of the new CPY by Tito; 3) the special characteristics—continuity, self-assurance; insularity—of Party leadership; and 4) a change in the Soviet Party line at apparent variance with the political-organizational principles which had won local success.

Certain particularities of the Yugoslav situation have been ignored—among them the national character of the Yugoslavs in general and the Serbs in particular and the personalities and tempera-



ments of the topmost CPY leaders. With regard to the former the Yugoslavs have for centuries proved unamenable to foreign pressure and dictation, and to the latter, the Tito clique has abundantly displayed its tough and violent addiction to power. These elements in the situation have not been treated, first because an attempt has been made to select those conditions in the Yugoslav situation which might have some generality of application and second because evidence of greater or less devotion to freedom and independence on the part of a people and of a larger or smaller love of power on the part of individuals is difficult to come by. Other peoples now enduring the Communist dictatorship have an historic claim to strength and persistence in their struggle for freedom that seems not markedly inferior to that of the Yugoslavs. And other Communist leaders elsewhere seem no less devoted to the enjoyment of power for power's sake than do the Yugoslav leaders. It is still perhaps an open question whether an affection for power itself would be cultivated by a Communist chieftain in servility or in resistance to Moscow. To the extent that the traditional independence of the Serbs and the established compulsions of the Tito group have been operative, they have indeed produced the first Titoism in Yugoslavia.

Of the conditions in the Yugoslav situation which have been considered significant to the development of Titoism the Embassy would unquestionably place the fact of the war foremost. That the CPY attained its power in a struggle in which the Party and its leadership actually participated—that the CPY did not depend solely or even preponderantly upon the Red Army for its subsequent accession to state power—seems to have established a climate of Communism different in kind as well as degree in Yugoslavia. Next in importance is probably the continuity of CPY leadership, the fact that the Party itself is the product of the present leadership and has been led by it for longer than the Communist experience of any but a handful of its oldest members. This element in turn has had important consequences for the acquisition and retention of the loyalties of the mass membership and the fact that that membership is very largely uneducated formally and unversed in Marxism has in all probability facilitated the task of the leadership. Finally, the attempt by the SCP to alter Party lines that had proved their organizational validity and usefulness in the specific Yugoslav situation is to be noted. Basic to this complex of causes and conditions is, however, the power situation, for Titoism is by its nature a challenge to, and a defense of, power. Without the consolidation of domestic power that the CPY had effected and its relative imperviousness to Cominform infiltration and subversion no Titoism could be conceived or maintained.

There can be no confidence that such conditions as in Yugoslavia and the CPY produced Titoism—even were they known with far

greater precision than at present—would inevitably effect a similar result elsewhere. It would, in any event, be impossible entirely to duplicate the Yugoslav situation if only for the reason that there is now a precedent for Titoism, and the Soviets may be presumed to be in the future more conscious of its implications—and causes. What can be suggested, however, is that wherever a set of circumstances involving a Communist Party which has largely by its own efforts achieved victory and consolidated its power, a leadership more or less continuous and isolated in some degree from direct Soviet experience, a mass membership new, uneducated, and bound to the leadership by ties of emotion and nationalism, and an attempt by Moscow to alter policies which are fundamentally organizational—wherever such a set of circumstances, or some combination of them, is to be found, there at least a presumption of the possibility of Titoism may exist.

The projection of the Soviet system abroad by a leadership which seems so ill-fitted to the management of empire may thus encounter new realms of conflict which by doctrine, experience and temperament it is incapable of resolving. The existence of Titoism in Yugoslavia is evidence of the profound weakness presently inherent in the Soviet concept of empire. The extent to which this external weakness may in time contribute to the decay and disintegration of the Soviet domestic order cannot now be appraised but its potential influence may well become a factor of profound significance.

Respectfully yours,

CAVENDISH W. CANNON

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641.60H31/5-1249 : Telegram

*The Ambassador in Yugoslavia (Cannon) to the Secretary of State*

SECRET

BELGRADE, May 12, 1949—11 p. m.

499. Successful outcome British trade and payments negotiations (Embtel 222, March 4 *et seq.*<sup>1</sup>) understood hinge on inclusion sterling credits. Yugoslavs have requested credits of about 11 million pounds in connection five-year planned imports capital goods valued 30 to 33 millions. If credits withheld, Yugoslavia threatened break off negotiations comprehensive trade and payments agreement. British willingness advance credits would pave way early conclusion such agreement.

British Delegation weighing pros and cons this proposition in light general policy keeping Tito afloat. Inclined recommend London agree include discussion credit of about 6 million pounds (1) to insure conclusion comprehensive agreement and (2) to bolster Tito. Believe some imports consumers goods (textiles, household and other incentive goods) possibly under credit would help ease economic situation population, under heavy stress five-year plan implementation in spite substantial exchanges with east, and lift civilian morale. On other hand

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<sup>1</sup> Not printed.



British delegation somewhat concerned political question what is aggregate in loans and credits west as whole should contemplate as price of keeping Tito above water and whether British credit along lines indicated would be in harmony policies other western countries notably France Italy and US. They anticipate no difficulty with Italy or France since those countries have already granted credits to Yugoslavia.<sup>2</sup>

Although total such credits substantial, Embassy considers price relatively small when measured against tangible benefits increased Yugoslav trade with west and less tangible but politically important effects on general orientation Yugoslavia toward west and bolstering of Tito regime against mounting Cominform pressures.

Credits by OEEC countries particularly those able furnish capital goods tends diminish Yugoslav need for US dollar credits private or otherwise, but since US preferred source many capital items, Embassy inclined believe US influence Yugoslav policies would remain substantially unchanged.

For foregoing reasons, Embassy inclined favor such limited credits by OEEC countries as they find necessary in order conclude satisfactory trade or trade and payments agreements with Yugoslavia during period applicability present general policy toward Tito regime.

Embassy concerned, nevertheless, about difficulties appraising overall Yugoslav ability bear burden of trial loans and credits and bringing into focus that regard existing commitments and current Yugoslav requests of governments, private banks and IBRD. British delegation also concerned this problem.

Department's comments on possible British credit and related problems mentioned above would be appreciated.

Sent Department, repeated Paris 38 for ECA, Geneva unnumbered for Porter, London 23.

CANNON

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<sup>2</sup>The references here are presumably to the trade payments arrangements provided for under the Franco-Yugoslav Payments Agreement of June 12, 1946, and the Italo-Yugoslav Trade and Financial Agreement of November 28, 1947.

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860H.00/5-2049 : Airgram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*<sup>1</sup>

SECRET

Moscow, May 20, 1949.

A-517. Reference Belgrade's stimulating, comprehensive analysis of Titoism and its causes, contained despatch 162 April 25.<sup>2</sup> Embassy

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<sup>1</sup>This airgram, which was drafted by Brewster H. Morris, First Secretary of the Embassy in the Soviet Union, was also sent to the Embassies in Belgrade, Rome, Prague, London, Athens, Nanking, Paris, and Warsaw and to the Legations in Bucharest, Sofia, and Budapest.

<sup>2</sup>*Ante*, p. 886.



particularly impressed by cogency Belgrade's study of CPY's organizational background, nature and status as explanation of how and why Titoism (i.e. nationalist deviations) successfully emerged in this hitherto leading Soviet satellite.

At risk over-simplification, Embassy suggests basic single cause Tito-Cominform break to be found in refusal Yugo Govt and Comparty—i.e. the Tito leadership produced by the specific Yugoslav conditions so well described in the reference despatch—to admit “leading role of Sovunion in the international communist movement”, which has been fundamental tenet of Marxism as interpreted by Soviets ever since establishment Comintern following World War I (see Emb's A-447 May 3 and despatch 276 May 10<sup>3</sup> re current Bolshevik emphasis this principle). Thus latest Yugo charges included Pijade's May Day tirade [*sic*] (Belgrade's 476 [478] to Dept. May 7<sup>4</sup>) presumably state essence of dispute both accurately and succinctly, when he accuses Sovunion of attempting to “dominate and exercise management over other parties and socialist countries” and of holding no other communist party equal CPSU and no other socialist country equal Sovunion. In fact, Kremlin's concept of organization and relationship of both communist parties and states which they dominate may be described as one world communist movement organized on Lenin's principle of “democratic centralism”, with CPSU leadership and Sovunion at its apex. This is evidently the concept which Tito attacked in vague general terms in his January speech at Congress Serbian Communist Party (page 21 of Belgrade's despatch<sup>5</sup>) terms since expressed much more clearly by Pijade.

Precise points over which Soviets first became aware of Yugo opposition and refusal to accept their leadership still unclear, though as suggested in Sov letters to CPY published summer 1948 (Belgrade's despatch 665 August 6<sup>6</sup>) there is reason to believe differences arose as early as 1945 when Yugoslavs had to be induced withdraw from Trieste as Sovunion not then prepared for war with the West. More critical, decisive differences presumably developed later, one being

<sup>3</sup> Neither printed.

<sup>4</sup> Not printed; it reported on a May Day eve speech by Moša Pijade which formulated the theoretical nature of the dispute between Yugoslavia and the Soviet Union. Pijade affirmed the Yugoslav position of equality between the Communist parties of various nations and he strongly condemned the “nationalist deviation” of the Soviet attitude (860H.00/5-749).

<sup>5</sup> The portion of Belgrade's despatch 162 is not printed. Regarding the Tito speech under reference here, see footnote 2 to telegram 101, January 31, from Belgrade, p. 857.

<sup>6</sup> The despatch under reference is not printed. The texts of the March-May 1948 correspondence between the Central Committee of the Communist Party of Yugoslavia and the Central Committee of the Communist Party of the Soviet Union is printed in Margaret Carlyle (editor), *Documents on International Affairs 1947-1948*, issued under the auspices of the Royal Institute of International Affairs (London, New York, Toronto: Oxford University Press, 1952), pp. 348-387.

Tito's refusal permit Sovs establish control over Yugoslavia's Army, eventually culminating withdrawal Red Army advisers. Once Kremlin began to realize its hold on Tito was in doubt, its attitude on such questions as South Slav Federation and Yugo-Albanian relations quite naturally changed.

Similarly, Cominform accusations that CPY was not pursuing active enough agrarian policy and was in danger of submerging itself in People's Front may be interpreted as application standard, well-tried Bolshevik tactics of charging deviations from Marxist-Leninist principles in order discredit CPY leadership. Emb agrees with Belgrade's judgment that Yugo's record in building socialism is certainly as good, if not much better, than that of any other satellite (see for example Belgrade's 120 to Dept. Feb 4<sup>7</sup>). Thus we regard as most probable suggestion (page 30 Belgrade's despatch under reference) that these unjustified Sov demands were "advanced with deliberate intention of weakening a Party which gave signs of becoming too enterprising an associate".

Finally, Emb agrees fully Belgrade's conclusions regarding prospects for emergence of Titoism elsewhere in Soviet satellite system. Kremlin has undoubtedly been just as surprised as western world over Tito's successful rebellion and will presumably devote every effort toward guarding against recurrence this tumor of the body communist. Nevertheless, postwar satellite developments to date suggest serious defects and shortcomings in Moscow's "management of empire" which Sov mentality and methods as yet incapable of solving. Emb continues to feel that vigorous coordinated western policies in fields of propaganda and trade regulation may help exacerbate this situation.

It is suggested that the Dept transmit a copy of Belgrade's reference despatch to the American Embassy Nanking to which a copy of this airgram is being sent.

KOHLER

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<sup>7</sup> *Ante*, p. 862.

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641.60H31/5-1249 : Telegram

*The Acting Secretary of State to the Embassy in Yugoslavia*

SECRET

WASHINGTON, May 26, 1949—2 p. m.

266. Dept perceives no objections to possible UK credit to Yugo as part UK-Yugo trade and payments agreement. Urtel 499 May 12.<sup>1</sup> You may inform Brit accordingly if again approached.

Dept agrees UK, Fr, Ital credits to Yugo probably justified by (1) tangible benefits increased Yugo trade with West, (2) their effects on general orientation Yugo toward West, and (3) bolstering Tito regime against Cominform pressures.

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<sup>1</sup> *Ante*, p. 889.



Dept also concerned about difficulties appraising size and urgency Yugo for exchange requirements and ability bear burden credits. FYI status Yugo credit requests in US fol:

(a) Private credits: March 29 Bank of America reps informed Dept Yugo interested \$20 million credit for purchase mining, timber, agricultural equipment US, repayable from dol proceeds exports non-ferrous metals; Bank wanted security in gold or dol assets. (Deptel 182 Apr 15<sup>2</sup>), Mar 31 Chase Bank rep informed Dept similar Yugo loan request recd via Philipp Bros and Yugometal, Chase wishing full gold collateral; May 2 Chase informed Dept two short-term credits Yugo under consideration, one for two-year credit of \$5 million, secured by Yugo metal sales, another for three-year credit of larger (unspecified) amount, secured by gold. Both banks promised keep Dept informed but so far Dept has heard nothing further.

(b) Internatl Bank: Dept understands little progress made so far re Yugo application, filed about Apr 6, for two agricultural projects totalling \$53.1 million. (Deptels 176 Apr 13, 182 Apr 15, 220 and 221 May 4, urtel 487 May 10.<sup>3</sup>) Filipovic told Thorp May 16<sup>4</sup> Yugo wld be prepared receive IBRD technical mission June, and other projects (mining equipment etc.) wld be available for presentation IBRD in 10-15 days. However Dept understands IBRD not yet decided send mission Yugo. Unlikely any IBRD credit, except \$2 million timber credit, cld be expected before six months.

(c) Eximbank: Filipovic informed Thorp May 16 Yugo authorized Wash attorney negotiate Eximbank credit.<sup>5</sup> Attorney informed Dept size credit wanted \$25 million. Thorp inquired relation this request to IBRD application. Filipovic explained IBRD application for long-range projects whereas Yugo urgently needs funds for miscellaneous machinery, raw materials. (Actually IBRD projects contemplate two-year repayment period. Deptel 182, urtel 487.<sup>6</sup>) Thorp remarked that not sure Eximbank procedure any faster than IBRD's, and that simultaneous financing thru both banks raises certain problems for US Govt.

Re Yugo ability bear burden overall Western credits and size foreign exchange requirements, tentative results preliminary OIR study

<sup>2</sup> Not printed.

<sup>3</sup> None printed.

<sup>4</sup> Willis C. Armstrong's memorandum of the conversation referred to here is included in file 660H.119/5-1649.

<sup>5</sup> At the beginning of May, reports appeared in the press that Yugoslavia had applied for a loan from the United States Government. At his press conference on May 4, Secretary of State Acheson denied any knowledge of such a request, but he conceded that the United States was prepared to take a friendly attitude toward a Yugoslav application for a loan from the International Bank for Reconstruction and Development. It was subsequently learned by the Department that Ambassador Kosanovic had authorized an attorney to act on behalf of the Yugoslav Government with the Export-Import Bank on May 13.

Subsequently, telegram 381, July 16, to Belgrade, not printed, informed that the Yugoslav Embassy approach to the Export-Import Bank for a cotton credit had been discouraged because Yugoslav textile exports to hard-currency areas were inadequate to make it a self-liquidating proposition. It was further reported that the Yugoslav Embassy was intending to ask the Export-Import Bank to consider financing equipment purchases needed to maintain and expand the output of existing non-ferrous mines in Yugoslavia (811.516 Export-Import Bank/7-1649).

<sup>6</sup> Neither printed.



(pouched May 18) anticipate 1949 balance of payment deficit ranging from \$27.1 to \$73.5 million, depending assumptions used. (Deptels 220 May 4, 251 May 19.<sup>6</sup>) Assumptions underlying higher figures believed more realistic. Ur comments re results above study requested soonest.

Depts position re Yugo IBRD application is to support extension credits for projects deemed constructive provided this warranted from sensible business point of view. Re Yugo Eximbank approach, Thorp told Bank's Board Directors May 18 Dept wld have to consider matter further before taking position and meanwhile door shd not be closed. If Yugo need dol funds urgent because inability secure private credits US, Eximbank procedure might be prompter than IBRD's if Yugo able submit specific project for short-term financing with reasonable assurance of repayment. Dept wld appreciate Embs views and suggestions re Depts position soonest, esp re economic and/or political urgency and desirability prompt Eximbank credit.<sup>7</sup>

WEBB

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<sup>7</sup> In his telegram 546, May 28, from Belgrade, not printed, Ambassador Cannon replied and suggested that the Department of State propose further Export-Import Bank discussions with Yugoslav Representatives with a view to soliciting a more specific request. In such discussions the Export-Import Bank might indicate a receptivity in principle, particularly as regards cotton and might suggest the size and terms of such a credit and seek to obtain information on Yugoslavia's dollar position (811.516 Export-Import Bank/5-2849). Telegram 277, June 2, to Belgrade, not printed, informed Ambassador Cannon that Assistant Secretary Thorp had proposed and the Export-Import Bank Directors had agreed to proceed in a manner closely following the Ambassador's suggestion (811.516 Export-Import Bank/5-2849).

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860H.00/5-2649 : Telegram

*The Ambassador in Yugoslavia (Cannon) to the Secretary of State*

SECRET

BELGRADE, May 26, 1949—4 p. m.

536. Reviewing Yugoslav situation in light CFM conference<sup>1</sup> following seem important elements:

1. Local reaction to meeting: No serious concern but watchfulness since one reason for Soviet peace offensive may be Kremlin's determination to check progress Titoism in Eastern Europe and Yugoslavs are wondering what steps may be contemplated.

2. Relations with Cominform: Tito has been doing all right. Improved trade relations with West have counteracted Cominform blockade and Yugoslavs have kept calm under nerve war and general pressure such as more violent frontier provocations and sprouting of anti-Tito Yugoslav newspapers in Czechoslovakia, Soviet Union,

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<sup>1</sup> For documentation on the Sixth Session of the Council of Foreign Ministers, held in Paris, May 23 to June 20, see vol. III, pp. 856 ff. The session was devoted to the German and Austrian peace settlements. Secretary of State Acheson headed the United States Delegation to this Council session. In his absence, Under Secretary of State Webb served as Acting Secretary of State.

Rumania and Bulgaria. Except for bullying by Albania most of what we have been seeing recently is animosity in these parts of Europe. All of us realized that "brotherly relationship of people's democracies" was pretty thin veneer. If relations with Soviet Union could be patched up it could be laid on again almost over night. Tito is unafraid of threats on frontiers unless backed by Red Army which he does not expect.

At same time Yugoslav leaders are unhappy about idea of permanent alienation from Soviet Union. No doubt many Yugoslav Communists hope perhaps wistfully that Stalin will perceive justice Yugoslav position and somehow fit it into Soviet system. Even Tito said "They would see their error that only they can rectify. We cannot. All these mistakes must one day disappear".

If this represents Yugoslav's best peace offer it is hard to believe Kremlin will be tempted even for sake unity in face growing Western power, but Yugoslavs will no doubt be watching closely progress of CFM particularly on Austrian treaty which might disclose signs of shift in broader Soviet policy. Soviet withdrawal of support of Yugoslav claims would be hard blow in view nostalgia mentioned above. From viewpoint US policy harder the better.

3. Trieste: I think Yugoslavs are reconciled to loss of Trieste and recent propaganda is largely mechanical. Relinquishment of zone B is another matter. Perhaps it can be achieved in general European settlement but I personally wonder whether after this long period of Yugoslav consolidation there transfer to Italy would be unmixed blessing. For reasons often stressed I have been in no hurry to see settlement Trieste question. Presence of US troops at that outpost has been stabilizer as well as symbol and is invaluable adjunct to our foreign policy in Danube and Balkan area.<sup>2</sup>

4. Austria: At no time since Bebler's departure for London last February<sup>3</sup> have any Yugoslav officials ever mentioned Austrian question to me. I remain convinced Yugoslav people unconcerned and most officials were willing to try on blackmail for what it might be worth. I believe and so stated to Bebler that accident of heavy Slovene element on high level at Foreign Office (Kardelj Bebler Brille<sup>4</sup>) have exaggerated difficulties and made retreat more painful. I do not even favor long search for face-saving device for Yugoslavs if we can find some way to stop Kremlin from being more Yugoslav than Belgrade.

5. Greece: Trend of events aided we think by our constant but informal pressure here in effectively drying up Yugoslav aid to guer-

<sup>2</sup> For documentation regarding events in the Free Territory of Trieste, see vol. IV, pp. 497 ff.

<sup>3</sup> Yugoslav Deputy Foreign Minister Bebler visited London in February and March 1949 in connection with the meetings of the Deputies for Austria of the Council of Foreign Ministers. For documentation on these meetings, see vol. III, pp. 1066 ff.

<sup>4</sup> Joža Brille, Yugoslav Deputy Minister for Foreign Affairs.

rillas even moral and "humanitarian". How important to US is it to press for public manifestation this factor Yugoslavs will surely continue to support campaign for composition or consolidation but would despise US if we yield.

6. Conclusion: From foregoing Department will see that we think recent US European policy has been dead right as it affects situation in Yugoslavia. Marshall Plan, air lift, Atlantic Pact have taught useful lesson. Leaders here have been impressed by our firmness and constancy but would again get out of hand if they think a softer phase is coming. I deplore cynicism these observations but it will take some years before these people comprehend high-mindedness of American search for real and enduring peace.

Sent Department, repeated Paris for Secdel 48, London 25, Moscow 55.

CANNON

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860H.00/6-949: Telegram

*The Ambassador in Yugoslavia (Cannon) to the Secretary of State*

SECRET

BELGRADE, June 9, 1949—11 p. m.

577. Had more than two hours with Kardelj and Bebler yesterday reviewing internal and external affairs. Kardelj's chief points:

Economic: Re-orientation economy after Cominform rift required re-grouping of five year plan. Example imports and production consumer goods planned for this year had to be postponed but with harder work and more sacrifices major goals will be reached. Because of national pride and stubbornness people responding nobly. Assured me first hand this year already fulfilled. In non-ferrous metals quantities full plan being finished this year. Agricultural prospects excellent. Shortage technical and skilled labor not problem this year; on contrary real shortage unskilled labor because of concentration on production for western markets such as minerals and timber. Hence large number soldiers being used as manpower. Next year however as plan reverts to industrialization and production for internal market shortage skilled labor will be serious problem. Training program while good will not suffice. Perhaps must import technicians. Admitted cutting timber at too rapid rate because of emergency export needs but large program of forestation already in progress. Yugoslavia must have credit from west and most of it will be used for consumption goods or reconstruction and raising living standard and not as substitute for proceeds of exports. People will work just as hard and maintain or even raise export level.

Political: Internal situation sound; not worried about minor defections; organized revolt out of question. Grumbling of some groups peasants re collectivization more than counter-balanced by others



hitherto underprivileged. Housing program encouraging townsfolk. National solidarity promoted by vicious slanders from nearby countries.

Albania: Insults and border incidents hard to bear although this situation so bad he could not risk major incident unless assured strong Soviet support which not expected. Meanwhile Albanian people increasingly friendly to Yugoslavia and now whole villages with chattels and livestock are coming over border creating real refugee problem for Yugoslavia.

Hungary: Has Yugoslavs seriously worried "if trouble comes will be from that quarter". Thinks peoples, neighboring peoples democracies have sneaking respect for Yugoslav independent position and Cominform propaganda gone stale. Hence Hungary induced risk and lose a few lives to influence popular emotions. "But we won't tolerate these border crossings. Our men will protect our frontiers."

Greece: With rebels now hostile to Yugoslavia material aid is not going over. I pressed him hard for more details. What about logistical advantages? Harboring, re-outfitting and returning escaped rebels? Perhaps individual frontier authorities are still doing more than Belgrade intends? He did not deny aid in past but "now it's all different." I found this part not very forthright. He seemed unhappy and sick of Greek involvement and rather lamely said "perhaps something will come of Gromyko's proposal." He did not refer to last week's charge that GNA had air strafed Yugoslav village even though in order to prod him I led close to it. I made a little speech about contradiction in our disposition to aid Yugoslavia when Yugoslavia works against Greek independence. He said "but we have no friends there any more" and started talking about Hungary again. He made no mention whatever of Macedonia (which as already reported Yugoslavia thinks it has in hand). He also had nothing to say about either Trieste or Austria. If this was because of exhaustive earlier talks he could at least have made pro-forma statement maintaining Yugoslav position. I felt silence confirmed opinion expressed mytel 536, May 26.<sup>1</sup>

He did not refer to recent violent exchange of notes with Moscow (Embtel 564, June 4<sup>2</sup>) but general tenor his remarks indicated Yugo-

<sup>1</sup> Not printed.

<sup>2</sup> Not printed; it reported that the Yugoslav press had published the text of a Yugoslav note of May 23 to the Soviet Government protesting against Soviet support for the activities of Yugoslav anti-Tito *émigrés* in Moscow. The press also had reported upon the Soviet Government's reply of May 31 (760H.61/6-445). For the texts of the two notes under reference here, see Carlyle, *Documents on International Affairs 1947-1948*, pp. 450-453 or Ministry of Foreign Affairs of the Federal People's Republic of Yugoslavia, *White Book on Aggressive Activities by the Governments of the U.S.S.R., Poland, Czechoslovakia, Hungary, Rumania, Bulgaria and Albania Towards Yugoslavia* (Beograd, 1951), pp. 107-109. The full text of the Soviet note of May 31 was printed in the Soviet press on June 2, and a translation was transmitted to the Department of State as an enclosure to despatch 325, June 4, from Moscow, not printed (760H.61/6-449).

slavia not worried about neighbors individually or collectively but blamed Kremlin for all their troubles and Yugoslavs have courage to carry their quarrel straight to source.

He remarked on improvement in press relations and propaganda lines with west saying this must be done gradually and better treatment to be expected.

Reverting to economics I said that if credit phase now opening Yugoslavs must overcome their secrecy and suspicion re statistics, inspection, production figures, etc. Since he had some strange idea[s] on this subject this was quite fruitful discussion. He said decision reached on political grounds 2-3 years ago not to publish statistics and since then figures on lots of items not assembled. Present production schedules have required more statistics but still large gaps. He saw my point that if Embassy required to make recommendations on Yugoslav proposal we must have data. Promised to speak to Minister Foreign Trade and recommend regular liaison Kopčok and Fowler. Think he now better understands International Bank's inspection requirements.

Sent Department; repeated London 27, Paris 55, Moscow 62, Rome 43.

CANNON

660H.119/6-949

*Memorandum by the Assistant Secretary of State for Economic Affairs (Thorp) to the Under Secretary of State (Webb)*<sup>1</sup>

SECRET

[WASHINGTON,] June 9, 1949.

Subject: Issuance of Export License for Blooming Mill for Yugoslavia

*Discussion:*

The Department of Commerce has had under consideration an application, filed on March 18, 1949, for license to export to Yugoslavia a complete blooming-slabbing mill costing \$3,223,000. This mill is rated in the highest security classification, i.e., 1A, for export control purposes. Although this mill would not increase the basic steel-making capacity of Yugoslavia, it is considered extremely important by the Yugoslavs because it would greatly expand intermediate processing capacity and, hence, would markedly strengthen Yugoslavia's steel industry as a whole.

The Department has advocated approval of this license application as being definitely in our national interest as defined in NSC 18/2<sup>2</sup>

<sup>1</sup>The source text bears Under Secretary Webb's handwritten marginal notation: "This was approved by Sec Comm. JW".

<sup>2</sup>Not printed; see editorial note, p. 868.

(on relaxation of export controls to Yugoslavia). To the Yugoslavs, approval of the application would constitute concrete evidence, in the face of present Cominform sanctions, that there is a source to which they may turn for at least some kinds of desperately needed supplies and equipment. Failure to approve would weaken the support given by nationalistic elements to Tito. Approval will also show the other satellites, whose five-year industrialization plans are failing, due to the unavailability of industrial equipment from either the U.S.S.R. or the West, how they can hope to make them succeed. The NME has stated that from a strategic point of view they oppose approval of the export license on the ground that the contribution of this mill to the economic potential of Yugoslavia would be so important as to constitute a real military hazard.

After a full discussion of this case at a meeting of Secretary Sawyer's interdepartmental Advisory Committee on Requirements on Friday, June 3, in which NME alone opposed the Department, Assistant Secretary Blaisdell indicated that he would recommend approval of the license. He stated, however, that Mr. Sawyer might wish to consult with interested Cabinet officers before taking final action. Commerce and NME representatives have been informed that failure to secure favorable action due to NME objections might require State to refer the case to the NSC staff as a difference in the interpretation of NSC 18/2. They have expressed no objection to such a course of action.

*Recommendation:*

a. If the Secretary of Commerce consults with the Acting Secretary regarding this matter, that the Acting Secretary urge approval of the license on political grounds.

b. If the Secretary of Commerce appears unwilling to approve, due to NME objections, that the Acting Secretary indicate his intention of presenting the case to the NSC staff as a basic difference in the interpretation of NSC 18/2, for resolution through the procedures established for this purpose.

*Concurrences:*

The proposed action is concurred in by ITP, SE, EUR, and E.

*Attachments:*

1. Department of Commerce OC Document no. 169 giving background factual information concerning this case.<sup>3</sup>

2. Attachment B to OC Document no. 169: <sup>3</sup> Letter dated April 20, 1949 from Mr. Hickerson to Mr. Blaisdell, advocating approval of the license application in question.<sup>4</sup>

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<sup>3</sup> Not printed.

<sup>4</sup> *Ante*, p. 884.



641.60H31/6-1349 : Telegram

*The Acting Secretary of State to the Embassy in France*

SECRET PRIORITY

WASHINGTON, June 18, 1949—2 p. m.

2715. For Amb Cannon.<sup>1</sup> We asked Brit Emb for clarification report in London's 2273 June 13 rptd Belgrade 50<sup>2</sup> that Peake wld offer Yugos 5 to 7 million sterling credit for purchase capital equipment Britain in connection present Brit-Yugo trade negotiations, since we feel extension govt credits Yugo raises question whether political conditions shld be attached to extension such credits.

Brit Emb informed us today FonOff considers extension five million sterling credit necessary to enable Tito meet his commitments to Brit under contemplated long-term trade agreement, one purpose of which is enable him realize his five-year plan and thus strengthen his resistance to Kremlin.

Brit Emb here cabling FonOff suggesting that when Peake discusses credit with Yugos he shld point out anomaly of Brit lending to Yugos who support Greek guerrillas at same time as Brit is extending aid to Greek Govt. We stressed to Brit Emb importance concerting our policy toward Tito and Emb will suggest Peake consult you on form such intimation to Yugos and keep you fully informed progress his talks. Emb will endeavor obtain further info on provisions trade agreement and clarification statement re five-year plan which implies Brit agreement on need for rapid Yugo industrialization.

Sent Paris 2175 rptd Belgrade 313, Rome 1232 London 2103.

WEBB

<sup>1</sup> Ambassador Cannon was in Paris in connection with the Sixth Session of the Council of Foreign Ministers.

<sup>2</sup> Not printed.

*Current Economic Developments*, Lot 70 D 467

*Current Economic Developments*<sup>1</sup>

[Extract]

SECRET

[WASHINGTON,] June 20, 1949.

No. 207

## YUGOSLAVIA REQUESTS CREDITS: TRADE WITH WEST INCREASES

In the past several months there has been intensification of Yugoslav efforts to obtain western markets, credits, and commodities, paralleled

<sup>1</sup> This weekly classified publication, prepared by the Policy Information Committee of the Department of State, was designed to highlight developments in the economic divisions of the Department and to indicate the economic problems which were currently receiving attention in the Department. It was circulated within the Department and to missions abroad.

by a reduction in trade activities between Yugoslavia and the Cominform countries.

*Requests for Credits* On the financial side, a formal loan request has been filed with the International Bank, including a detailed application covering 15 projects for a total of \$230 million. We have been informed by the Yugoslav Ambassador that his country hopes to receive the items covered in the application during the coming three years.<sup>2</sup> The Yugoslavs have also indicated that they plan to discuss with the Eximbank which of the projects contained in the requests to the International Bank might be financed instead by the Eximbank. Before the Department takes a final position regarding an Eximbank credit, it will be necessary for the Yugoslavs to give the Eximbank information on the urgency of their dollar requirements for 1949; their actual and anticipated dollar availabilities, aside from possible credits; and the extent to which these availabilities are already committed or earmarked.

The Yugoslavs have also been negotiating with private US banks on the possibility of credit extension and our Embassy in Belgrade has been informed by a representative of the Bank of America that it is considering a \$10 million credit fully backed by gold located outside Yugoslavia. The Yugoslavs, however, are willing to provide gold collateral only for one-quarter of the credit, and only with gold in Belgrade. The Bank of America is apparently willing to consider partial gold collateral only if located outside Yugoslavia.

Embassy London has been informed that the British Ambassador to Yugoslavia is being authorized to offer the Yugoslavs a sterling credit for the purchase of capital equipment in the UK. The top amount of the credit is to be £5 million with the actual amount dependent upon Yugoslav commitments concerning compensation for nationalized British investments in Yugoslavia and agreements for timber and maize shipments to the UK. We are concerned about the difficulties of appraising the size and urgency of Yugoslavia's foreign exchange requirements and its ability to bear the burden of the credits, especially since our preliminary studies indicate a balance of payments deficit in 1949 ranging from \$27 million to \$73 million, with the feeling here that the higher figure is more realistic.

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<sup>2</sup> Ambassador Kosanović called on Assistant Secretary of State Thorp on June 8 to discuss the terms and details of a loan request which he had formally presented to Eugene Black, President of the International Bank for Reconstruction and Development, a few days earlier (memorandum of conversation, June 8, 1949, file-800.515 BWA/6-849). This was the first information received by the Department of IBRD loan request briefly summarized here. During a conversation with officers of the Department of State on July 8, Black stated that the IBRD would make it clear to the Yugoslav Government that it would not consider a loan in the magnitude of \$200 million but would consider a loan in the neighborhood of \$25 million (memorandum of conversation, July 8, file-860H.51/7-849).

*Increased Trade with West* According to the press the agreement being negotiated with the UK calls for a five-year pact involving about \$800 million worth of goods. Britain's present agreement with Yugoslavia is a one-year pact, expiring in September, involving an exchange of about \$60 million and is reportedly working out well. The new agreement will call for British manufactures in exchange for timber, grain and food.

Trade between the US and Yugoslavia has been on the upgrade also. From the latter part of February, when the new US economic policy toward Yugoslavia was put into effect, until May 27, US export license applications for Yugoslavia were approved in a total amount of \$17,181,000, about 42% higher than the applications approved for all of 1948. Approvals since February include 10 oil-well drilling rigs, 2.5 million pounds of lard and 10,000 tons of motor gasoline. Of the applications outstanding, the one regarded as having first priority, which has been pending for about eight months, is a blooming mill for manufacture of iron and steel ingots. The Yugoslavs have indicated they want mining equipment from us but have not yet provided specific information. They also raised the question of aviation gasoline but were informed that prospects for licensing it were not encouraging.

*Satellite Pressure* Meanwhile Yugoslavia's Soviet satellite neighbors are increasing their efforts to put an economic squeeze on Tito. A Cominform meeting is now being held in Poland and reportedly its principal topic of conversation is the economic strangulation of Yugoslavia. The result may be a recommendation that all satellites sever economic relations with Yugoslavia. Apparently Yugoslav-Czech trade has stopped and the Yugoslavs in the press have accused the Czechs of violating their bilateral commercial agreement and of obstructing negotiations to establish a 1949 list of goods to be exchanged. Yugoslavia has also issued an official statement accusing Hungary of running out on its trade agreement and the Budapest press has announced that, because of consecutive Yugoslav violations, Hungary has cancelled its commercial agreement with Yugoslavia. A toughening Polish attitude has also been indicated.

*Internal Situation* Meanwhile, Yugoslav officials seem confident that the internal situation is sound politically. They have stated that the Cominform rift made it necessary to revamp their five-year plan. This resulted in harder work and more sacrifices but, because of national pride and stubbornness, the people responded and the major goals will be realized. Imports and production of consumer goods for this year had to be postponed but next year it is planned to revert to industrialization and production for the home market.

. . . . .



860H.5151/6-2449 : Telegram

*The Chargé in Yugoslavia (Reams)<sup>1</sup> to the Secretary of State*

SECRET

BELGRADE, June 24, 1949—4 p. m.

618. London 2273, June 13, repeated Belgrade 50 and Deptel 313, June 18<sup>2</sup> British decision offer Yugoslavia credits connection trade and payments agreement foreshadowed early May (Embtel 499, May 12<sup>3</sup>) prior Peake's departure London. Deptel 266, May 26,<sup>4</sup> informed Embassy Department perceived no objections possible UK credits Yugoslavia reported Embtel 499 and authorized Embassy so inform British if again approached. Size of credit mentioned London's 2273 about that expected from British delegation's recommendation reported Embtel 499. Although five-year plan of 7 million credit for purchase capital equipment only, grant such credit should ease pressure on limited Yugoslav resources and encourage more imports consumer goods than otherwise possible. Talks with British here have indicated no desire to insure achievement all phases five-year plan including industrialization on schedule but as in our case simply to keep Tito afloat. Since May Czechs and Hungarians have shut off trade Yugoslavia hence Tito's difficulties keeping afloat have increased. Embassy believes regime probably will need considerably more credits from west than British offering to keep going. Substantial dollar credits including possible IBRD loans probably needed this purpose.

Embassy has no objection to British use of occasion offer of credits to reiterate concern over question Yugoslav policy toward Greece however it would be useful to Embassy to have some definition of assurance re Greece desired by Department. While we can hardly require Yugoslav's refuse receive refugees we can ask that they not be permitted rejoin guerrillas. Peake feels Tito's statement this point to Fitzroy McClean satisfactory.<sup>5</sup>

Embassy is not aware of any proof prior cooperative aid guerrillas. Drew's statement Combal 428<sup>6</sup> that in one area geography proves aid

<sup>1</sup> Robert B. Reams, Counselor of the Embassy in Yugoslavia.

<sup>2</sup> Telegram 2273, June 13, from London, not printed, but see paragraph 1 of telegram 2715, June 18, to Paris, repeated to Belgrade as 313, p. 900.

<sup>3</sup> *Ante*, p. 889.

<sup>4</sup> *Ante*, p. 892.

<sup>5</sup> Brig. Fitzroy MacLean, member of the House of Commons and chief of the British Military Mission in Yugoslavia, 1943-1945, conferred with Marshal Tito in early June 1949. The principal points made during that conversation were reported upon in the British Embassy note of June 30 to the Department of State included in the documentation on the Greek civil war which is scheduled for publication in volume vi.

<sup>6</sup> In his telegram 1021, Combal 428, May 25, from Athens, not printed, Gerald Drew, the United States Representative to the United Nations Special Committee on the Balkans, reported on an inspection trip made by members of the Special Committee through Greece's northern provinces. Drew was convinced that Yugoslav assistance to the Greek rebels had not been stopped. Documentation on Drew's inspection trip is scheduled for publication in volume vi.

hardly acceptable since same logic could be used prove that Germans aided partisans and Maquis.

On assumption that aid now being extended it seems that simple assurances, no matter how specific, could have little value unless backed by acceptance UN inspection. Consider such acceptance still politically impossible for Yugoslavia.

On assumption aid not now being extended too much present insistence upon specific assurances would seem undesirable since it would cast doubt upon our intentions in this area particularly in view of Yugoslav suspicions.

On balance most qualified observers here do not believe that Yugoslavs are assisting guerrillas. Latter are strongly pro-Cominform and their radio has joined in attacks on Tito. For Yugoslavia situation is already grave enough without diverting supplies they need themselves to people whose success could only mean completion of Moscow curtain around them.

REAMS

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760H.61/6-2449 : Telegram

*The Chargé in the Soviet Union (Kohler) to the Secretary of State*

SECRET

Moscow, June 24, 1949—6 p. m.

1606. Paris CFM withdrawal Soviet support Yugoslav territorial and reparations claims on Austria <sup>1</sup> suggests to us further intensification Cominform campaign against Tito (mytel 829, April 4 <sup>2</sup>) and also represents as far as Embassy has observed, first break in united front which Soviet Union, satellites states and Yugoslavia had thus far maintained towards western world despite Tito's rebellion against Moscow's authority.

Though this Soviet decision may well have been based other considerations in addition campaign against Tito, it coincides with stepped-up economic measures by Cominform states such as Hungarian denunciation trade agreement with Yugoslavia,<sup>3</sup> increasing propaganda campaign including recent crop new anti-Tito newspapers, and rumored Cominform meeting aimed primarily Tito's liquidations (Warsaw's 903 to Department June 17 <sup>4</sup>). In abandoning

<sup>1</sup> For documentation on the attitude and actions of the Soviet Delegation to the Sixth Session of the Council of Foreign Ministers at Paris, May 23-June 20, 1949, with respect to Yugoslav territorial and reparations claims against Austria, see vol. III, pp. 856 ff.

<sup>2</sup> *Ante*, p. 880.

<sup>3</sup> Hungary denounced its long-term economic agreement with Yugoslavia on June 18. An exchange of notes between Hungary and Yugoslavia on this matter is included in Yugoslavia Ministry of Foreign Affairs, *White Book*, pp. 315-320.

<sup>4</sup> Not printed; in it the Embassy in Warsaw reported its inability to confirm rumors of an alleged Cominform session in Warsaw devoted primarily to concerting economic actions against Yugoslavia. Embassy Warsaw concluded that it was unlikely that such a session had or was taking place in Warsaw (800.00B Communist International/6-1749).

Yugoslav claims Soviets clearly risk further alienation Yugoslav people, leaving Tito undisputed defender national interests (mytels 2216, October 1 and 419, February 19<sup>5</sup>). At same time this Soviet decision may be intended serve as additional warning object lesson to remaining satellites of fate in store for waverers.

Whatever motives involved and although development ostensibly puts Tito in sharp conflict with west as well as Soviet Union, we think it must inevitably push him further towards west, improving chances eventual political concessions Yugoslavia's foreign policy for which we hope, especially in form discontinuing collaboration in support Greek guerrillas. Belgrade's anxiety indicated, for example, by recent inquiries re Cominform meeting and Trieste (Belgrade's 598 to Department June 18<sup>6</sup> and 602, June 21<sup>7</sup>).

While Cominform successes Zone A Trieste elections suggest Moscow may still prefer continue SC advocacy appointment Flueckiger as governor for reasons suggested mytel 419, we are impressed by reasoning last paragraph Belgrade's 602 re necessity careful consideration US policy Trieste with aim facilitating any reasonable settlement between Italy and Yugoslavia and avoiding block to western policy keeping Tito afloat were Soviets suddenly agree our March 20 position.<sup>8</sup>

Sent Department 1606; repeated Vienna 30, Belgrade 47, Rome 38.

KOHLER

<sup>5</sup> Neither printed.

<sup>6</sup> Not printed; it reported that a Yugoslav Foreign Ministry official had inquired of the Embassy in Belgrade regarding the alleged Cominform meeting in Warsaw and had remarked upon the intensification of Cominform economic and propaganda pressure against Yugoslavia (800.00B Communist International/6-1849).

<sup>7</sup> Vol. IV, p. 508.

<sup>8</sup> Telegram 1631, June 27, from Moscow, not printed, reported that Yves Chatigneau, the French Ambassador in the Soviet Union, agreed with the analysis set forth in this telegram (760H.61/6-2749).

660H.119/7-849

*Memorandum by the Assistant Secretary of State for Economic Affairs  
(Thorp) to the Secretary of State*

SECRET

[WASHINGTON,] July 8, 1949.

I refer to your memorandum of July 1 concerning your conversation with the Secretary of Defense about the blooming mill for Yugoslavia.<sup>1</sup> You have asked that the matter be reviewed, and that a report be made to you.

The question of approving the blooming mill has been before the appropriate agencies of the government since January 1949, and the

<sup>1</sup> No record of the conversation between Secretary Acheson and Secretary of Defense Louis A. Johnson has been found in the files of the Department of State.



project has been carefully considered by the Commerce Department, the National Military Establishment and the State Department. After the adoption of NSC 18/2<sup>2</sup> the State Department urged on many occasions, and through many channels, that the license for the mill be approved. The National Military Establishment has continually opposed the issuance of the license. The Department of Commerce did not take a firm position on the matter until May, when it presented the case to the so-called Operating Committee,<sup>3</sup> in which the National Military Establishment, the State Department, and other agencies are represented. At the meeting of the Operating Committee the National Military Establishment opposed the license and the State Department favored it. The result of the discussion was to transmit the case to the Advisory Committee.<sup>4</sup> The Advisory Committee discussed the matter on June 3, and the National Military Establishment was alone in opposing the Department. Mr. Blaisdell, Assistant Secretary of Commerce, who was Chairman at the meeting, indicated that he would recommend to the Secretary of Commerce<sup>5</sup> that the license be approved. The State Department representative at the meeting, Mr. Martin,<sup>6</sup> indicated that failure to secure favorable action, due to objections by the National Military Establishment, might require the State Department to refer the case to the staff of the National Security Council, as a matter of difference in the interpretation of the policy toward Yugoslavia laid down in NSC 18/2. It was indicated at the Advisory Committee meeting that the Secretary of Commerce might call other cabinet officers concerning the case. I therefore undertook to submit to the Undersecretary a memorandum dated June 9 outlining the problem.<sup>7</sup> A copy of this memorandum is attached herewith.

The Department of Commerce informed the State Department on June 22 that the license for the blooming mill would be approved. Consequently the Department, with the concurrence of the Department of Commerce, cabled the Embassy in Belgrade and instructed the Embassy to advise the Yugoslav Government of the approval, given on the understanding that should unfavorable developments intervene prior to the time of shipment, the license might be revoked.<sup>8</sup> The Embassy informed the Yugoslav Government accordingly on

<sup>2</sup> Not printed; see editorial note, p. 868.

<sup>3</sup> The reference here appears to be to the special *ad hoc* Yugoslav Committee consisting of representatives of the Department of Commerce, the Department of State, the National Military Establishment, and the Atomic Energy Commission which was established on February 21, 1949, to examine pending Yugoslav export license applications.

<sup>4</sup> The Secretary of Commerce's inter-departmental Advisory Committee on Requirements.

<sup>5</sup> Charles Sawyer, Secretary of Commerce.

<sup>6</sup> Edwin McCammon Martin, Acting Director, Office of International Trade Policy, Department of State.

<sup>7</sup> *Ante*, p. 898.

<sup>8</sup> Telegram 323, June 23, to Belgrade, not printed (660H.119/6-2349).

June 28,<sup>9</sup> and on June 29 the Department informed the Yugoslav Embassy in Washington.<sup>10</sup> Mr. Harriman was also notified, so that he could advise interested Western European governments.

The record does not indicate that any request was ever made by the Department for an opinion from the Joint Chiefs of Staff, although the Department is aware that the National Military Establishment has asked the Joint Chiefs for their views on the larger topic of general export policy toward Yugoslavia. Meanwhile, the National Military Establishment's record has been one of continuous opposition to the blooming mill.

The Secretary of Commerce of course has sole legal authority to license or not to license this item and he may disregard the opposition of any agency.

The Department was confidentially informed on July 7 that a representative of the Continental Foundry Company, who was scheduled to pick up the approved license in the Department of Commerce on that date, was told by Mr. Blaisdell that the license would not be available at present. Under the circumstances in which the Department obtained this information I have thought it inappropriate to make any inquiry of Mr. Blaisdell. Thus we are not yet certain that the promised licensing action will occur.

I am of the opinion that further discussion of this matter at any lower levels would be fruitless. I would therefore urge that you undertake to settle it directly with Secretaries Johnson and Sawyer.

<sup>9</sup> Telegram 627, June 28, from Belgrade, not printed (660H.119/6-2849).

<sup>10</sup> Memorandum of telephone conversation by Llewellyn E. Thompson, June 29, not printed (660H.119/6-2949).

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660H.6331/6-2949 : Telegram

*The Secretary of State to the Legation in Austria*<sup>1</sup>

SECRET      PRIORITY

WASHINGTON, July 11, 1949—1 p. m.

702. Reur 777 June 29.<sup>2</sup> You shld discourage Aust participation in any trade which wld facilitate satellite procurement of 1 A goods, including not only direct procurement but any devious means by which

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<sup>1</sup> This telegram was also sent to Belgrade as 355.

<sup>2</sup> Not printed; it reported that Yugoslav officials in Austria had approached an Austrian bank with a proposal to circumvent the East European satellite boycott of Yugoslavia by indirect procurement from the satellites through Austrian intermediaries. The Legation in Vienna asked for guidance on whether satellite procurement of strategic or essential Yugoslav products should be facilitated (660H.6331/6-2949). In telegram 650, July 9, from Belgrade, not printed, Ambassador Cannon commented that the effects of the USSR-satellite economic blockade of Yugoslavia were difficult to assess but were probably severe. Cannon did not believe that substantial circumvention of the blockade was possible, but he recommended that the United States for the time being do nothing either to facilitate or to obstruct such deals as Yugoslavia might arrange through intermediaries (660H.6331/7-949).

such trade cld be carried on through third parties from whatever source.

In general if materials desired by Yugo are to fill existing orders and goods are essential to Yugo economy there is no objection to their procurement from satellites. US would like to be kept informed re individual transactions in order to state objections it might have as the exchange develops. As to goods being shipped in return however we definitely oppose shipment of any 1 A goods to satellites. If goods shipped to satellites fall in category 1 B we wld not discourage the exchange, unless there is evidence of excessive shipments sufficient to indicate probability of stockpiling or other non-civilian use.

In general Dept favors other means of helping Yugo which wld discourage trade with satellites and at same time lessen Yugo dependence on imports from satellites. The direct exchange of goods between Aust and Yugo shld definitely be encouraged. Steps which have been taken and are being taken to develop trade between Yugo and the west and the means by which such trade may in some instances be financed are described in recent communications from Dept and in instrs from ECA in Wash and OSR in Paris.

ACHESON

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660H.119/7-2149

*Memorandum of Conversation, by the Deputy Director, Division of International Trade Policy (Martin)*<sup>1</sup>

SECRET

[WASHINGTON,] July 21, 1949.

Participants: Secretary of Defense Johnson  
 Lt. General Lutes<sup>2</sup>  
 Theodore Halaby—Office of Secretary of Defense<sup>3</sup>  
 Secretary of State Acheson  
 Mr. Llewellyn Thompson—Deputy Assistant Secretary for the Office of European Affairs  
 E. M. Martin—Deputy Director, ITP  
 Under Secretary of Commerce Whitney  
 Assistant Secretary of Commerce Blaisdell

The Secretary of Defense opened the meeting by calling attention to a telegram of February, date not specified,<sup>4</sup> sent by State and ECA to OSR, indicating that as a result of a National Security Council decision European countries desiring to ship 1A items to

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<sup>1</sup>Two ribbon copies of this memorandum were prepared. The other is filed under 860H.6511/7-2149.

<sup>2</sup>Lt. Gen. LeRoy Lutes, Director of Staff, Munitions Board, National Military Establishment.

<sup>3</sup>Najeeb Halaby served as a foreign affairs adviser to the Secretary of Defense.

<sup>4</sup>The reference here is presumably to telegram 545, February 22, to Paris, not printed; see footnote 2 to telegram 92 to Belgrade, p. 873.



Yugoslavia should provide information with respect to such shipments on the basis of which the advisability of making them would be reviewed here, and also indicating that within normal amounts 1B items could be shipped freely. The Secretary of Defense objected to the failure to refer to the necessity for consultation with the NME on licenses to Yugoslavia and to the suggestion that 1B shipments were not a matter of concern. The Secretary of State referred to the NSC decision and had extracts read which in his judgment supported the position taken in the telegram. The Secretary of Defense indicated that if the NSC decision really meant what was in the telegram, he would have to take exception to the NSC decision.

The Secretary of Defense continued by referring to a draft letter to the Secretary of State on the proposal that a blooming mill be approved for export to Yugoslavia. He indicated that he did not propose to leave the letter now as he wanted to strengthen it at several points. Subsequently he indicated that, when revised, he would dispatch it to the Secretary of State on an informal basis with the hope that a settlement of the issue could be reached without having to formalize positions in writing or bother the President with the issues involved. The position of the NME, as contained in the letter and elaborated in the course of the discussion, was that the blooming mill represented a contribution to the military strength of the areas behind the iron curtain and that the NME was unalterably opposed to any such assistance for iron curtain countries. The Secretary of Defense expressed his reluctance to discuss in detail the political situation in Yugoslavia or the diplomatic advantages of favorable treatment of the Tito government on such matters as the blooming mill, indicating that he thought the military risks involved far outweighed any considerations of this character.

In this connection, reference was made to the shipment of scrap to Japan in the late thirties as an analogous case. Reference was also made to a Joint Chiefs' decision in which opposition was expressed to shipping behind the iron curtain any equipment which would contribute directly or indirectly to the military or economic strength of iron curtain countries.

The Secretary of Defense also stated that if the matter should go to the President, he would feel compelled to state, although he would not put it in writing, that the approval of this blooming mill for Yugoslavia would set loose such a wave of public indignation as to seriously threaten the ability of the present administration to win the 1950 elections.

There was a discussion of certain technical aspects of the blooming mill project. The Secretary of Defense stated that it was his understanding that it would add 5 percent to the steel-making capacity of the Soviet area. He also took the view that the fact that the blooming

mill could handle only carbon steel in no way detracted from its military significance.

Addressing himself to the representatives of the Department of Commerce, the Secretary of Defense took strong exception to approval of the blooming mill license when it was known that the NME objected to its approval and that the Secretary of Defense had the matter under consideration. He expressed a deep personal interest in all such cases and indicated his willingness to attend all meetings of the Advisory Committee on Requirements if necessary to insure that projects of this character were not approved without his personal OK.

The Secretary of State emphasized the importance of analyzing on a factual and unemotional basis considerations involved in the proposal to license the export of the blooming mill, with particular reference to the importance of maintaining Tito in power in Yugoslavia and in a position to continue to defy the Kremlin. He pointed out the importance of the Yugoslavia five-year plan in accentuating the breach between Tito and the Kremlin, and the importance of our giving some facilities to Tito that would contribute to it. He pointed out the great importance which the Jugs had attached to this particular project as symbolic of our attitude toward Yugoslavia, economically boycotted by most of the Eastern European countries and under severe economic pressure. He indicated also certain political benefits, not without interest to the military, which a Tito government, independent of the Kremlin had achieved, and could possibly achieve in the future, such as the cut-off of aid to the Greek guerillas. It was also pointed out that similar plants have been bought and partially paid for by Poland and Czechoslovakia and that we had agreed fully in denying licenses for their export. To approve the blooming mill would be a difference in treatment accorded Yugoslavia, a government not under Kremlin orders, which could not but impress the Poles and the Czechs.

The suggestion that this represents a five percent increase in Soviet steel capacity was challenged, since the State Department figures had indicated an increase of only about 150 thousand tons which would be less than one percent.

The feasibility of a suggestion by the Secretary of Defense that we provide Yugoslavia with finished goods rather than basic industrial capacity was questioned by State Department representatives on the grounds that Yugoslavia could not pay for such goods but must find the means of making international payments by exploiting her own natural resources which included such things as iron ore, non-ferrous minerals, etc. A general objection to providing goods which contributed even indirectly to the military or economic strength of Yugoslavia presents difficulties of definition and tends to be interpreted to cover nearly all classes of capital equipment. So interpreted, the eco-



conomic collapse of Yugoslavia would be apt to take place in fairly short order.

The Department of Commerce representatives questioned some of the statements of the Secretary of Defense as to the procedure which had been followed, pointing out that a substantial period of time had elapsed between the meeting of the Advisory Committee at which Assistant Secretary Blaisdell had stated he would recommend approval to the Secretary of Commerce and actual approval, without any request from the Department of National Defense to hold up action.

It was agreed that the Secretary of Defense would revise his letter and accompany it with a memorandum of the facts as the NME understood them. On receipt of these documents the Secretary of State would prepare a letter setting forth the position of the Department of State and also accompanied by a factual document. If, with these documents in hand, the position was still disagreed, the matter would be presented to the President for decision. It was agreed also that in view of the fact that various interested parties had been informed that the license had been approved, and in view of certain political situations in Yugoslavia, particularly vis-à-vis Trieste, it was desirable to have a prompt decision.

[EDWIN M. MARTIN]

660H.119/7-2849

*The Secretary of Defense (Johnson) to the Secretary of State*<sup>1</sup>

TOP SECRET

WASHINGTON, 28 July 1949.

DEAR MR. SECRETARY: On learning that the approval of an application for export license of a steel blooming mill to Yugoslavia would

<sup>1</sup> A copy of this letter was also presumably sent to the Secretary of Commerce. Many of the arguments presented in this letter were set forth in greater detail in a 15-page typewritten staff study setting forth the position of the National Military Establishment regarding the export of a steel blooming mill to Yugoslavia. A copy of the staff study was transmitted to the Secretary of State on July 28 by Maj. Gen. Leven C. Allen, Executive Secretary of the Office of the Secretary of Defense, on the instruction of Secretary Johnson. A copy of the staff study was also sent to the Secretary of Commerce. The principal points made in the staff study were as follows:

I. A blooming mill is absolutely essential for the production of the munitions required to conduct modern warfare.

II. Potential effect of the blooming mill on the steel capacity of Yugoslavia will be to increase the finished production capacity 600%. The blooming mill potentially would increase ingot utilization capacity in the Soviet sphere of influence by 5.2%.

III. Location of the blooming mill renders it susceptible to Soviet control, either by direct conquest or indirect means.

IV. Strategic factors inhibit establishment of high war potential facilities in doubtful areas.

V. The most recent national intelligence survey concludes that assistance to Yugoslavia in the form of finished products rather than the means of production

Footnote continued on following page.



receive favorable consideration in the Office of the Secretary of Commerce, I wrote Secretary Sawyer expressing my grave concern about this export.<sup>2</sup> He agreed to delay the granting of the export license for this steel mill until a meeting could be arranged with the Secretary of State.

I am familiar with the fact that the President approved in February this year NSC 18/2, *Economic Relations Between the United States and Yugoslavia*,<sup>3</sup> in which U.S. export policies with respect to Yugoslavia were liberalized. However, I note particularly in paragraph 3 of the recommendations approved by the President the following statement:

"Shipments of goods in this category [1A]<sup>4</sup>, however, should be licensed by the Secretary of Commerce . . ., after consultation with the Secretary of Defense, when licensing serves U.S. national interests as outlined in this paper."

Later in this same paragraph it is stated,

"In determining U.S. national interests in this matter, the Secretary of Commerce should be guided by the foreign policy considerations which will be set forth by the Secretary of State."

Unless this latter statement is inconsistent with the previous quotation it can only mean that the Secretary of State will set forth "the foreign policy considerations", and the Secretary of Defense will set forth other considerations of national security which should guide the Secretary of Commerce. The issue therefore is whether U.S. national interests are served by the export of this steel mill. I therefore desire

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Footnote continued from preceding page.

would be effective. [The survey referred to here is probably not a volume of the "National Intelligence Survey" (NIS) but the coordinated intelligence estimate, ORE 44-49, cited in the text of Secretary Johnson's letter.]

VI. The export of this blooming mill to Yugoslavia by the United States will open the door and possibly lead the way to the export of many highly strategic facilities to Yugoslavia by Western European countries.

VII. Delay in delivery of the mill will reduce or prevent near term benefits of the export.

VIII. The psychological value of the export may be outweighed by adverse effect on public opinion in the U.S. and Western Europe.

IX. If in U.S. national interests the export of a long-life capital good in a realistic requirement, it is certainly not necessary to export one of such size, capacity and strategic importance as a steel blooming mill."

The staff study concluded as follows:

"In calculating the risk to our national interests and the security of our allies in the North Atlantic Treaty the dangers and disadvantages predominate.

The establishment of a steel blooming mill of large war potential in an area readily accessible to the Soviet Union is inimical to the national security of the United States and therefore its export should be denied." (660H.119/7-2849)

<sup>2</sup> According to the staff study identified in the previous footnote, the Secretary of Defense wrote the Secretary of Commerce on July 1 expressing his grave concern regarding the approval of the export of a blooming mill to Yugoslavia. Secretary Johnson requested that further action be deferred until a meeting could be arranged between himself and the Secretaries of State and Commerce.

<sup>3</sup> Not printed; see editorial note, p. 868.

<sup>4</sup> Brackets appear in the source text.

to set forth the considerations which the Military Establishment regard as very important and, from one point of view, determinant of the present case.

The war potential of the steel blooming mill desired by Yugoslavia would be a permanent and militarily significant expansion of the basic steel industry of Yugoslavia, a Communist country still within the shadow of the Kremlin. The annual capacity of blooming mills of this size and type in the U.S. is as great as 1,050,000 tons; the average production of such mills is about 850,000 tons per year. A single unit of this type would represent about a 5% increase in the total estimated capacity of steel production in the USSR and its sphere of influence. Obviously such additional steel production in questionable hands does not enhance the security of Western Europe and the North Atlantic Community.

Although the intent of NSC 18/2 is to rehabilitate and maintain the Yugoslavia economy, attention is invited to the fact that the annual raw steel production already exceeds 1939 levels by about ten percent in that country.

It is understood that a Belgian coking plant and two Austrian blast furnaces are being considered for exportation to Yugoslavia. The combination of these three plants with the aforementioned blooming mill would permit a tremendous and strategically significant increase in the annual output of finished steel useable for military purposes. The recent CIA report "*Estimate of the Yugoslavia Regime's Ability to Resist Soviet Pressure During 1949*" (ORE 44-49, published 20 June 1949, with the substantial concurrence of the intelligence organization of the Department of State),<sup>5</sup> arrived at the conclusions that the Soviet Bloc will not be able in 1949 to exert sufficient economic pressure to force the collapse of the Yugoslavia economy, and with less security risk the West could provide finished goods rather than production facilities.<sup>6</sup>

Based on the intent of NSC 18/2 and the authoritative CIA estimate, it is our belief that, in the interest of national security, it would be far preferable to export finished goods, primarily consumer goods, to Yugoslavia rather than durable industrial facilities of high war potential. Moreover, we should not lose sight of the effect of our leadership and example to other countries in the matter of exporting strategically important items.

In order to prevent or carefully control future occurrences of this nature, and in order to strengthen the security aspects of U.S. export

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<sup>5</sup> Not printed.

<sup>6</sup> The estimate actually said (Summary, paragraph 7) that the West could provide military equipment "more easily and with greater assurance of effective utilization than it could the means for production of such equipment."

control policies, I have several positive proposals in which your concurrence is requested. These consist essentially of

(a) A recommendation that the NSC re-examine NSC 18/2 and revise it so that durable capital goods which are rated 1A will be embargoed and items of capital equipment on the 1B list which are capable of incorporation with other equipment into a facility of paramount strategic importance will not be exported to Yugoslavia without reference to the Secretary of Defense. In the latter case, if there is disagreement between the representatives of the Secretaries of State, Defense or Commerce, these Secretaries should meet and personally consider the matter before approval of the license is granted.

(b) Consideration should be given by the Secretary of Commerce to adding all Class 1A and 1B to the Positive List, thus precluding easy Soviet accessibility to such goods by way of transshipment through countries to which export licenses are not required.

(c) Further assistance to the ECA in its effort to secure effective cooperation in parallel export control in Marshall Plan countries. (Munitions Board is at present providing a group of technicians to work with negotiating teams in Europe.)

In conclusion then, the National Military Establishment considers that the export of this blooming mill to Yugoslavia at the present time would be inconsistent with "U.S. national interests" as required by NSC 18/2, approved by the President on 18 February 1949.

Sincerely yours,

LOUIS JOHNSON

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660H.119/7-2949 : Telegram

*The Ambassador in Yugoslavia (Cannon) to the Secretary of State*

SECRET      NIACT

BELGRADE, July 29, 1949—7 p. m.

728. Both arguments advanced by Defense Department against blooming mill project (Deptel 403 July 26<sup>1</sup>) demonstrate urgent need for high level reiteration of basic concepts in our Yugoslav policy.

I thought we had long ago passed stage where doubt still lingered on whether our revised Yugoslav policy was to our national interest in our dealings with USSR. Contention that approval blooming mill project would increase overall Soviet area steel production capacity seems to rest on proposition that Tito break, if not hoax, is at best of only ephemeral utility. Surely in light developments of past year this opinion cannot be seriously held. Equally invalid is contention that Yugoslav economic military potential will be greatly increased. Blooming mill is not designed to handle alloy steels used in armaments. It is part of total operation which Yugoslavs hope eventually

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<sup>1</sup> Not printed; it reported the license for export of a blooming mill to Yugoslavia had not been issued because of objections by the Secretary of Defense on the grounds that the project would increase overall Soviet area steel production capacity and because of a general opposition to increasing Yugoslav economic-military potential (660H.119/6-2049).



will meet much of their domestic peace-time steel needs. I wonder if Defense may not be overrating Yugoslav steel potentialities. Their whole industrial stage of development is far below modern standards and their possible rate of improvement will perforce be slow. I had supposed these risks duly calculated and discounted when whole problem was discussed last winter. Washington has abundant material on this topic. See for example Major Zeller's study of use of German reparations machinery and effects of loss of POW skilled labor in despatch 70 February 18.<sup>2</sup>

I had long discussion with Ambassador Harriman at Paris on Yugoslav industrial position. Suggest consulting him if available in Washington.

We read NCS's decision 18/2 to mean Washington in general agreement with this Embassy's conclusions regarding actual and potential value to us in maintaining break between Yugoslavia and USSR. Hitherto we have been gaining much at no cost. We are only now entering phase of real help. We know and have so reported that blooming mill license in Yugoslav eyes is test of our intentions. We here are convinced that major element in maintaining vigor of Yugoslavia's resistance to everything combined viciousness of Eastern bloc has been able thus far to bring against them has been reliance on Western grasp of political realities. If we are not going to follow through, we should promptly begin evaluation of consequences of letting situation go by default.

CANNON

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<sup>2</sup> Not printed.

660H.119/7-2849

*The Secretary of State to the Secretary of Defense (Johnson)*<sup>1</sup>

TOP SECRET

[WASHINGTON,] August 4, 1949.

MY DEAR MR. SECRETARY: I have given most careful consideration to your letter of July 28, 1949,<sup>2</sup> stating that the National Military Establishment considers that the export of a blooming mill to Yugoslavia at the present time would be inconsistent with US national interests, and suggesting several revisions in the US export control policies. I appreciate fully the reasons underlying your objections to the export of this blooming mill. After a thorough reexamination of the political, military, and economic factors involved, however, it is

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<sup>1</sup> Under cover of a letter dated August 5, the Secretary of State transmitted a copy of this letter to the Secretary of Commerce. In his letter, not printed, Secretary Acheson expressed the belief that it would be advisable for the three Secretaries to meet as soon as possible to obtain an early decision on the blooming mill question. He also expressed the hope that Ambassador Harriman, then in Washington, might be allowed to attend such a meeting (660H.119/7-2849).

<sup>2</sup> *Ante*, p. 911.

my opinion not only that the issuance of a license for the export of this mill is in the national interest, but that failure to take this action would prejudice the achievement of important political objectives of this Government and might thereby have a serious effect upon the security of the US. I should like to set forth briefly some of the factors which lead to this conclusion.

The considerations upon which the decisions contained in NSC 18/2<sup>3</sup> were based are, I believe, adequately set forth in that paper. The developments that have occurred since that time have only served to add greater point and validity to them. The economic boycott of Yugoslavia by the Soviet Union and its satellites has recently been drastically tightened. A series of public statements and actions on both sides has further widened the rift between the Tito regime and the Kremlin. Tito has publicly announced the closing of the Greek frontier and has taken some steps toward a *rapprochement* with the legitimate Government of Greece. If this policy of the Yugoslav Government is continued, it should enhance considerably our efforts to bring about a cessation of guerilla activity in Greece. I know that you are fully aware of the important contribution which such a development would make to our security. Moreover, as a result of Yugoslav defiance of the Kremlin, the Soviet Union withdrew its support of Yugoslav claims on Austria thus enabling considerable progress to be made toward the achievement of an Austrian peace treaty.

The continued existence of Titoism has exerted an erosive and disintegrating force within the Soviet sphere. Tito's example appears to have played an important part in weakening the morale and unity of the Communist leadership in the satellite states as illustrated by the purge of Rajk in Hungary and Kostov in Bulgaria,<sup>4</sup> as well as leaders and numerous members of the Communist rank and file in other countries. As you know, we are continuing to refuse licenses for the export of equipment similar to this blooming mill to Poland and Czechoslovakia. We can be sure that the leaders of the satellite Governments are closely watching developments with respect to Yugoslavia, and it is to our interest to encourage the nationalist elements in those countries, whether Communist or not, which oppose complete subservience to Moscow.

I have no illusions as to the nature of the present regime in Yugoslavia which is both totalitarian and Communist. Our policy toward Yugoslavia cannot be based on any feeling of friendship toward such a regime. It is my considered opinion, however, that the maintenance of the Tito-Kremlin split should continue to be an important objective of our current foreign policy. I do not believe there can be any dispute

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<sup>3</sup> Not printed ; see editorial note, p. 868.

<sup>4</sup> For information on the arrest and trial of Laszlo Rajk and Traicho Kostov, see p. 471 and footnote 1 thereto, and p. 333, footnote 2.



on this point. Although we could not be sure what Tito's attitude would be in the event of a general war, Eric Johnston reported after his interview with Tito early in October, 1948, that:

"Tito stated there would not be war since Russians would not start one. When asked what Yugoslav position would be in event war between Soviets and West did break out he replied that he could not say since Yugoslav position would depend on who started war and 'circumstances at that time'. Johnston pressed matter and has definite impression that Tito would maintain neutrality if it were possible for him to do so."<sup>5</sup>

The bitterness with which the fight has developed since that time convinces us that Tito could never allow Soviet troops in his country without reducing his life expectancy to an extremely short period. It is clearly impossible to predict with accuracy what a dictator will do, but nearly every week brings a new development further separating Tito and his former masters in the Kremlin. Soviet uncertainty as to Tito's intentions is itself a powerful deterrent to Soviet aggressive action against the Western democracies. The reestablishment of Soviet control over Yugoslavia would be a victory for the Kremlin of major proportions with repercussions throughout the world.

The question is how can this split best be maintained or, to put it another way, what are the dangers that Yugoslavia may again fall under Soviet domination and what must we do to avoid increasing them. There is, of course, the possibility that Tito may be liquidated. This is a risk that is very real, but our reports indicate that even in this event there is a good possibility that Tito's followers could maintain their independence of Moscow. Tito's immediate lieutenants are as compromised as he in the eyes of the Kremlin and are doubtless well aware of the fate that would await them should they again fall under the power of Moscow.

The Tito regime might be overthrown by force of arms, but as the studies of the US Army General Staff . . . indicate, this could probably only be accomplished by the Soviet Government at great risk since the Soviet satellites are believed to be incapable of defeating the Yugoslav army without direct Soviet assistance including the use of Soviet troops.

There is also the possibility that Tito and his lieutenants might be overthrown from within. While this does not now appear likely, if those upon whom Tito and his lieutenants depend for support became convinced that he could not maintain his independence of Moscow or could do so only at the expense of sacrificing all plans for the improvement and development of that country, they might well connive

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<sup>5</sup> The quotation is from the report contained in telegram 1332, October 5, 1948, from Belgrade (*Foreign Relations*, 1948, vol. iv, p. 1113) of the conversation of October 5, 1948, between Marshal Tito and Eric Johnston, President of the Motion Picture Association of America.



with Moscow for his overthrow. You will recall that after the Tito-Cominform break one of the Yugoslav accusations against the Cominform was that Moscow wanted to maintain Yugoslavia as a pastoral state and frustrate its plans for industrialization and development. The development of the country and the raising of the standard of living has been the major theme with which the regime has attempted to obtain popular support.

The ability of Yugoslavia to carry out a program of industrialization is, of course, limited, and we will not wish to contribute to such an achievement any more than necessary to gain our ends. We will, therefore, continue to control closely the acquisition by Yugoslavia of major items of capital equipment. It is important to note, however, that Yugoslav officials both here and in Belgrade have made clear that they would consider our decision on the blooming mill license as a test of our intentions. In a recent cablegram our Ambassador in Belgrade reported as follows:

[Here follows the final paragraph of telegram 728, July 29, from Belgrade, page 914.]

The reestablishment of Kremlin control over Yugoslavia is the risk to be considered in a denial of this export license to Yugoslavia.

I do not believe there can be any question but that if the Tito regime were to be overthrown in the near future, Yugoslavia would again come under Soviet domination. If the Yugoslavs believe that we will only allow them to have such consumers goods as they can buy with their exports and that the regime can do nothing to improve their economic situation, there would appear to be real danger that Tito will be unable to maintain himself and that Yugoslavia will again be included in the Soviet power bloc.

As you know, the Yugoslav Government and the OEEC countries have already been informed that the license for the export for this blooming mill would be issued. It is my understanding that even if the license is granted, the mill, which has still to be manufactured, could not reach Yugoslavia in less than a year. We have informed the Yugoslav Government, and they have accepted the condition, that actual export of the mill could still be stopped should unforeseen developments occur at any time prior to its actual shipment.

There appears to be some disagreement between our advisers as to what the facts are with respect to the capacity of this mill. I am sending you and the Secretary of Commerce a separate memorandum<sup>6</sup> containing the information furnished me on this subject. I may say,

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<sup>6</sup>The memorandum under reference here, entitled "State Department Staff Memorandum on Proposed Export License for Steel Blooming Mill for Yugoslavia", dated August 4, 1949, is not printed. Most of the salient points of the staff memorandum, which covers 12 typewritten pages in the source text, are included in the letter printed here (660H.119/7-2849). A copy of the staff memorandum was also sent to the Secretary of Commerce.

however, that the Company responsible for constructing the mill has several times stated its capacity for production of finished steel as 400,000 tons. This capacity can only be reached when substantial additions, requiring the construction and importation of important new facilities not now under contract, have been made to the Yugoslav capacity to produce steel ingots and perhaps to finish the semi-fabricated products of the blooming mill. Moreover, the 400,000 ton capacity of the mill, even if reached, will not represent a net addition to Yugoslav capacity for producing finished steel since we are advised that the existing blooming mill will be used as an additional stand on the finishing mill, making five stands instead of four. The maximum net addition on this assumption is 150,000 tons of finished steel capacity, or less than 1% of Soviet orbit plus Yugoslav capacity.

In reply to your proposal for a reexamination of NSC 18/2, I shall be very glad, of course, to agree to a reexamination of this paper at any time. In view, however, of the facts set forth above you will realize that I would not be prepared to agree to a complete embargo of all durable capital 1-A items. I would readily agree, however, that every application for a license to export a 1-A item as well as items of capital equipment on the 1-B list, be examined carefully, and that if there is disagreement between the representatives of State, Defense, or Commerce at the working level, the issues should be referred at the request of any one of them for discussion at a high level before approval of an export license is granted. I believe this would not require a formal reconsideration of NSC 18/2 but could be arranged between us and the Secretary of Commerce.

As for consideration being given to possible additions to the Positive List, this matter is of such a highly technical nature and with so many varied factors involved, both military and non-military, that I feel it should first be thoroughly examined by the Advisory Committee on Requirements.

I agree fully on the importance of securing cooperation from Marshall Plan countries in exercising export controls. We have consistently urged upon those countries the desirability and the necessity of taking such action. While we have had some success in this regard with the principal ECA countries, we would welcome any suggestions which the NME may have that would contribute to the accomplishment of that objective.

In conclusion, I should like to express the hope that after consideration of this letter and the separate memorandum which I am sending to you, you will withdraw your objection to the issuance of the blooming mill license. Irrespective of the circumstances in which it occurred, we are now faced with the fact that the Yugoslav Government was notified on June 28 that the license would be issued, and similar notifications were made to representatives of the OEEC coun-



tries. It seems clear, therefore, that the adverse effects of refusing to issue the license now would be greater than would have been the case when the application was made. If you are not prepared to agree, I urge that we take steps to resolve the matter promptly, since I am concerned at the political effects which may result from further delay.

Sincerely yours,

DEAN ACHESON

P.S. It strikes me that the Tito speech reported in *The New York Times* of August 3,<sup>7</sup> suggesting that Yugoslav help might be available to elements in Bulgaria and Albania who desire to break with the Kremlin, is a highly significant confirmation of the value of Tito to U.S. security.

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<sup>7</sup> The reference here is to a speech delivered by Marshal Tito on August 2 at the celebration of the fifth anniversary of the Peoples' Republic of Macedonia.

660H.119/7-2949

*Memorandum by the Secretary of State to the Under Secretary of State (Webb)*<sup>1</sup>

SECRET

[WASHINGTON,] August 8, 1949.

BLOOMING MILL FOR YUGOSLAVIA

Please read this memorandum so that you may take the necessary action but do not circulate it.

This afternoon Secretary Johnson, Secretary Sawyer, and I met alone to discuss the blooming mill. After a good deal of talk Secretary Johnson read us a proposed letter. The upshot of it was that he wished to state his opposition to the granting of the license but would acquiesce in it provided: (1) the matter was reviewed at the end of a year, when the mill would be ready to be delivered; (2) the mill was redesigned so that its capacity would be equal only to the present ingot producing capacity of Yugoslavia; and (3) he objected to Secretary Sawyer's interpretation of the NSC paper<sup>2</sup> contained in the following words of his letter:

"It is true that I am required in connection with 1-A items to consult with the Secretary of Defense, which of course I am not only willing

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<sup>1</sup> Attached to the source text, which is headed "Personal for Mr. Webb", is the following paper by the Secretary of State, dated August 11 and headed "Memorandum of Conversation With the President":

"Item No. 3. *Blooming Mill*.

I informed the President of the solution reached here. He expressed himself as pleased with this solution as he thought it was the right one."

<sup>2</sup> NSC 18/2, February 17, not printed; see editorial note, p. 868.



but glad to do. However, my interpretation of the language referred to is that foreign policy considerations as set forth by the Secretary of State will be paramount in my determination of 'U.S. national interest.' "

Mr. Johnson's contention was that Secretary Sawyer was subordinating security interests to foreign policy and was announcing that he would follow the advice of the Secretary of State at all times.

We had a long talk about this, in which Secretary Sawyer and I said that that was not what Secretary Sawyer was saying but that the NSC paper itself stated the policy, which was that even important material capable of munition production was to be given Yugoslavia in the event that the present breach between Tito and the Kremlin continued. Secretary Sawyer was, therefore, getting from me instruction only as to whether a particular action continued to be regarded as proper.

Further discussion indicated the futility of attempting to redesign the mill.

The upshot of the matter finally was that Secretary Sawyer announced that he proposed to take the following series of actions, which was acquiesced in by Secretary Johnson and me:

1. He would issue the license for the mill. In this connection he would make no statement, and no publicity in the normal course of events would occur until the mill had been exported, which would be a year or more from now. We all thought it important that everybody should refrain from talking and, therefore, knowledge about the blooming mill should be held as closely as possible. (Please talk with me about who is told, what telegrams are sent, and how they are circulated. I do not want any leaks from the State Department.)

2. Before the mill is exported, we will review the matter, and, if the breach between Tito and the Kremlin has continued or been widened, the export will be made; if, on the other hand, the situation has worsened from our point of view, the mill will not be exported.

3. Secretary Johnson's staff and ours will get together and rewrite Paragraph 3 of the recommendations of NSC 18/2. After this agreement has been reached, Secretary Johnson will then propose the rewrite to Secretary Sawyer and me, and we will agree with it. (I can talk with you in more detail about how this might be rewritten.)

4. In the event that articles are proposed for export which affect, say, biological warfare, but the manner in which they affect it cannot be disclosed, Secretary Johnson will raise the matter personally with Secretary Sawyer and me, and the matter will be worked out between us.

I think this is a highly satisfactory solution. I hope that we can carry it on without having the matter get into the press, as that will only create more difficulties between the Departments.

DEAN ACHESON

760H.61/8-1349 : Telegram

*The Ambassador in the Soviet Union (Kirk)*<sup>1</sup> to the Secretary of State

SECRET

Moscow, August 13, 1949—4 p. m.

2042. Latest Soviet note supplemented by strong August 13 front page *Pravda* editorial rejecting Yugoslav protests re CFM sell-out (mytels 2023 August 12 and 2036 August 13<sup>2</sup>) and concluding Yugoslav Government no longer regarded as ally but adversary, represents new high point decided intensification of campaign against Tito since CFM. This strikes us as aimed at bringing Yugoslav matter to a head with hope Tito may be goaded into denouncing treaty with Soviet Union and breaking off diplomatic relations. We trust he will restrain himself and not fall for this bait.

Previous developments in intensification Moscow's campaign have included: severance remaining economic relations by satellite states one by one; greatly increased anti-Tito propaganda including Soviet broadcasts aimed Yugoslavia, Soviet press and papers now published Yugoslav "emigres" throughout Soviet-satellite area; charges that Tito actively helping Greek Monarcho-Fascists while persecuting "democratic" Greeks (mytels 1797 July 20, 1816 July 22, 1930 August 4 and 1961 August 6<sup>3</sup>); insinuations Tito even negotiating USJCS (mytel 1930); petulant Soviet gesture in withdrawing Zagreb fair (mytel 1909 August 2<sup>4</sup>); first Soviet note re Austrian claims (mytel 1839

<sup>1</sup> Alan G. Kirk, Ambassador in the Soviet Union. Kirk was appointed Ambassador on May 15, 1949, and he presented his credentials in Moscow on July 4.

<sup>2</sup> Neither printed. Telegram 2023 reported that the Soviet press on August 12 printed the text of a Soviet note of August 11 to the Yugoslav Government answering an earlier Yugoslav note (861.9111RR/8-1249). Telegram 2036, reported that *Pravda*, the newspaper of the Communist Party of the Soviet Union, carried a front page editorial on August 13 entitled "The Mask Torn Off" which reviewed the Soviet note of August 11 (760H.61/1349).

The August 11 note was the latest in a series of exchanges between the USSR and Yugoslavia regarding the disposal of the Austrian question by the Council of Foreign Ministers at its session in Paris. On June 22 the Yugoslav Government addressed notes to the Soviet Union, the United Kingdom, France, and the United States reasserting Yugoslavia's claims to Slovenian Carinthia and to reparations from Austria. The Soviet Union replied on July 19 with a note that accused Yugoslavia of collusion with the United Kingdom during the Austrian negotiations. Further Yugoslav notes of August 3 and August 20 and Soviet notes of August 11 and August 29 presented in detail the arguments and accusations of the two sides. The Yugoslav and Soviet press published the texts of the notes of their respective governments. French translations of the Yugoslav note of June 22 and the Soviet note of July 19 and English extracts of the Yugoslav note of August 3 are printed in Carlyle, *Documents on International Affairs 1949-1950*, pp. 453-459. The Russian texts of the three Soviet notes appear in *Vneshnyaya politika sovetskogo soyuza 1949 god* (Moscow: 1953), pp. 115-117, 125-134, and 144-159.

<sup>3</sup> None printed; they all reported on anti-Yugoslav articles appearing in the Soviet press.

<sup>4</sup> Not printed.



July 24 <sup>5</sup>); and July 25 note charging unjustified arrest and mistreatment Soviet citizens (mytel 1862 July 27 <sup>6</sup>).

Kremlin is evidently particularly provoked by: Tito's closing of Greek frontier; hostile encirclement now confronting weak satellite Albania (mytel 1853 July 26); and quickly-signed Yugoslav-Italian trade agreement and possibility even bilateral solution Trieste question (mytel 1949 August 5 and 1976 August 8 <sup>7</sup>).

While we would not expect any formal break of Soviet-satellite bloc's diplomatic relations with Belgrade at this time, ground appears to be fully prepared for Moscow to follow satellites recent example in terminating trade relations now based meager agreement December 1948 (mytel 3067 December 31 <sup>8</sup>).

Despite above developments we see no reason alter Embassy's basic estimate (mytel 829 April 4 <sup>9</sup>) that efforts liquidate Belgrade rebel will for present at least continue be confined indirect methods of propaganda warfare, economic pressure, infiltration of agents and efforts develop guerrilla activities and subvert regime.

Kremlin is doubtless fully aware of both Tito's serious economic situation and increasing military weakness due dependence hitherto on Soviet supplies and equipment which now cut off. We suggest time has come when US and Britain must seriously consider this latter aspect of keeping Tito afloat. Soviets also undoubtedly hoping Western powers will not move fast or far enough help Yugoslavia overcome grave present economic problems. While gratified over speed with which Italo-Yugoslav trade agreement signed, we must trust all possible attention is being given Belgrade's pressing financial and economic needs both in Washington and London.

In light events, we feel our policy towards Tito-Cominform situation has been well conceived and executed. Developments in other satellite countries, together with possible long range possibilities China, lead to conclusion that every effort should continue be made to keep Titoism alive. And while we strongly favor pressing rap-

<sup>5</sup> Not printed.

<sup>6</sup> Not printed; it transmitted the summary of a Soviet note of July 25 to the Yugoslav Government, published in the Soviet press on July 27, protesting the arrest of Soviet citizens in Yugoslavia (760H.61/7-2749). The note was the first in a series of exchanges between the Soviet and Yugoslav Governments regarding the conduct and treatment of Soviet citizens in Yugoslavia. For the Soviet note of July 25, an extract of the Yugoslav reply of July 30, an extract of a further Soviet note of August 18, and the text of the Yugoslav reply of August 23, see Carlyle, *Documents on International Affairs 1949-1950*, pp. 460-467.

<sup>7</sup> None of the telegrams under reference in this paragraph are printed. They reported on propaganda articles appearing in the Soviet press.

<sup>8</sup> Not printed; regarding the Yugoslav-Soviet trade agreement signed in Moscow on December 27, 1948, see footnote 2 to telegram 28, January 10, from Belgrade, p. 854.

<sup>9</sup> *Ante*, p. 880.



*prochement* Yugoslavia with Italians and Greeks, as suggested for example Deptel 450 to Belgrade August 11,<sup>10</sup> believe increasing hardening Soviet-Tito conflict does not obviate need continued caution not to make haste too fast this aspect matter.

Sent Department 2042, repeated Belgrade 79, Athens 64, Rome 61, London 207.

KIRK

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<sup>10</sup> This telegram informed Ambassador Cannon that the Department of State appreciated that Yugoslavia had to act with caution in moving toward closer relations with Greece. It was left to the Ambassador's judgment to determine the timing of attempts and the application of pressure to encourage such an evolution (760H.68/8-1149). The telegram, included with other documentation regarding the Greek civil war, is scheduled for publication in volume VI.

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860H.50/8-1649

*Memorandum of Conversation, by the Acting Chief, Division of Southeast European Affairs (Campbell)*

SECRET

[WASHINGTON,] August 16, 1949.

Participants: The Yugoslav Ambassador, Sava Kosanovich  
The Secretary  
Mr. Rusk<sup>1</sup>  
Mr. Campbell, SE

Ambassador Kosanovich opened his conversation by saying that on his recent trip to Yugoslavia he had talked with Tito and Kardelj and with Ambassador Cannon,<sup>2</sup> and thought that the Secretary might wish to ask him some questions.

The Secretary asked for information on the general economic situation of Yugoslavia at present. The Ambassador said that the situation was "stabilized" but confirmed that the need for loans was immediate and urgent. He referred to the cutting off of trade from other countries of Eastern Europe, saying that it was now completely stopped except for the slight movement of goods between Yugoslavia and the USSR under the 1949 trade agreement which had reduced trade to 1/8 of that of 1948. He said that Yugoslavia faced a difficult period of readjustment and required assistance in the form of credits. The Secretary inquired about the current Yugoslav negotiations with the British. The Ambassador said that these were proceeding and that Yugoslavia hoped that they would result in an agreement on trade

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<sup>1</sup> Dean Rusk, Deputy Under Secretary of State, from May 1949.

<sup>2</sup> In his telegram 662, July 12, from Belgrade, not printed, Ambassador Cannon commented that news accounts of his conversation the day before with Ambassador Kosanović in Belgrade had been overly dramatic. Cannon observed that the conversation had been the "usual casual diplomatic dialogue without any significance whatever". (711.60H/7-1249)

and on credits.<sup>3</sup> The latter were needed in addition to the loans which Yugoslavia hoped to get from the International Bank and the Exim Bank. Mr. Kosanovich then reviewed, at the Secretary's request, the present status of Yugoslavia's applications submitted to those two institutions. He stated that Yugoslavia had first, in 1947, submitted a request to the International Bank for a loan of \$500 million. This had later been scaled down to some \$250 million, and now Yugoslavia had put forward its proposals in the form of 5 or 6 individual projects which might be passed on separately. He said that a mission from the Bank was now arriving in Yugoslavia to investigate those projects. In regard to the possible Exim Bank loan, he said that the Yugoslav Government had given the Bank officials the material supporting its application and that he understood the matter was now before the NAC. He said that Yugoslavia hoped to get a loan of \$20 or \$25 million some time in September. He also mentioned the Yugoslav request for a drawing of \$3 million from the International Monetary Fund.

The Secretary then asked whether the various loans for which Yugoslavia had applied were all for capital equipment. The Ambassador said that this was basically so. He added that Tito had also thought that it would be desirable to get a loan of \$10 or \$15 million for the purchase of consumers goods. In view of the great devastation inflicted on Yugoslavia during the war, he explained, the people had not been able to get even the ordinary every-day articles which they needed. He mentioned toilet articles as an example. Asked whether Yugoslavia was also interested in cotton, he said that this was the case. Yugoslavia would like to get cotton for processing in its own mills.

In connection with the discussion on loans, the Secretary referred to Signor Castiglione's recent conversation with Mr. Rusk, saying that Castiglione has presented himself as private emissary from

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<sup>3</sup> In his telegram 791, August 15, from Belgrade, not printed, Ambassador Cannon reported that the British-Yugoslav negotiations in Belgrade on a trade and credit agreement had reached a critical stage and might be broken off. Cannon commented on the importance of the negotiations as follows:

"Failure conclude early agreement would affect adversely not only Yugoslavia and Britain but also US and other western countries interested keeping Tito regime strong enough to continue slugging it out with USSR and subservient satellites. French and Italians have made their contributions in expectation British would soon make theirs. If British contribution delayed much longer US would have to reconsider its tentative plans. Credits to Yugoslavia involve financial risk but failure grant moderate and timely credits involves broader risk that economic and morale situation here will deteriorate below danger point and lead to regime's collapse which, at this stage, would have most serious consequences from western standpoint." (641.60H31/8-1549)

Telegram 498, August 31, to Belgrade, not printed, stated that the British Embassy had been informed of the Department of State's concern over the apparent snags in the British-Yugoslav trade and credit negotiations and of the Department's interest in the speedy and successful conclusion of the negotiations in the light of the common American-British attitude toward Yugoslavia (641.60H31/8-1549).



Marshal Tito to discuss the loan question with US officials.<sup>4</sup> The Ambassador, who seemed amused by this, stated that Castiglione seemed to be a kind of "volunteer worker" for the Yugoslav Government in this affair and added that he could not be considered as spokesman for the Yugoslav Government. The Secretary said that Mr. Rusk had not received him in such a capacity and had wished to get some clarification from the Ambassador concerning Castiglione's role in order to avoid embarrassment. The Ambassador stated that he had talked to Castiglione in Belgrade and that the Yugoslav Government had felt that the latter might be of help in arranging matters connected with trade and credits from Italy, especially with private banks. He remarked jokingly that Castiglione had told him that Yugoslavia was not asking enough from the United States and could get more. The Ambassador said that he preferred to be straightforward about the situation and to present to the US a picture of what was actually needed. Yugoslavia's situation, he said, was not "desperate", as some reports had it, but was as he had described it.

The Secretary asked whether, on the supposition that Yugoslavia should get a loan from the United Kingdom, an Exim Bank loan, and loans from the International Bank for some of its projects, the situation would be satisfactory for the Yugoslav economy. The Ambassador said that it would, adding that the main problem was to get past the present difficult period of adjustment in which new markets had to be found for Yugoslav goods. Mr. Rusk inquired, if and when that adjustment should be made, Yugoslavia would be producing and exporting enough goods to pay its own way. The Ambassador said that it would. He saw great possibilities for the development of mineral production and also for greater agricultural exports. For this expansion, however, it was necessary to have new mining and agricultural machinery and to modernize and expand the transportation system.

The Secretary asked whether Yugoslavia was having difficulties with respect to its trade with the US. The Ambassador took the occasion to

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<sup>4</sup> According to information in the Department of State, Camillo Castiglione was a member of an Austrian banking family with commercial and industrial interests in Germany, Italy, Austria, and Switzerland. He appeared to have a reputation for energetic, skillful, if "not entirely scrupulous" business dealings and had already served as an intermediary in several sales of petroleum products to Yugoslavia. In May 1949, Castiglione visited Belgrade and had a private conversation with Marshal Tito. Telegram 1751, June 13, from Rome, not printed, reported that Castiglione had conversed with an officer of the Embassy. Castiglione alleged that Tito wished to use him as an unofficial intermediary with the United States to discuss the possibilities of economic assistance to Yugoslavia. Tito allegedly wanted to use a private person in order to avoid risking humiliation in case an approach through official channels to the United States failed (660H.119/6-1349). Telegram 1240, June 20, to Rome, not printed, instructed the Embassy to give Castiglione no encouragement (660H.119/6-1349). In August Castiglione began a visit to the United States. He had a conversation with Deputy Under Secretary of State Rusk on August 11, but no record has been found of the meeting.



thank the Secretary for the granting of a license for export of the blooming mill. He then mentioned delays in the granting of licenses as a factor creating difficulties for Yugoslavia, since the resulting uncertainty made it hard to plan and to know whether to seek similar articles elsewhere. The Secretary and Mr. Rusk stated that they were not aware that licenses were being unduly delayed and asked what particular instances the Ambassador had in mind. He said that he could not give specific examples but that he would make detailed information available to the Department. The Secretary said that the Department would look into the matter and see what could be done to speed up the process if it were unduly slow. The Ambassador suggested that it would be desirable if the Yugoslavs could be given a preliminary indication, at the time of making their applications, so that they would have a better idea as to whether these applications might eventually be granted.

On the subject of Yugoslav exports to the United States and other western countries, Mr. Kosanovich said that Yugoslavia had had some difficulty in finding markets. In reply to a question from the Secretary he said that Yugoslavia had on hand stocks of non-ferrous metals for which markets in the west had not been found. Mr. Rusk said that the Department would look into the question of possible need for these products in Western countries. The Secretary said that something might be done to ease this particular Yugoslav problem.

Turning to political matters the Ambassador remarked that the question of the Yugoslav-Greek frontier had been mentioned in his previous conversation with the Secretary <sup>5</sup> and referred to Tito's speech at Pola on July 10 <sup>6</sup> announcing the closing of that frontier. He added that since its closing a number of incidents involving Greek and Yugoslav soldiers had taken place in the frontier area. Yugoslav soldiers and citizens, he said, had been killed on Yugoslav territory, and Greek forces had several times crossed the frontier. (Yugoslavia, like Bulgaria and Albania, has made a continuous series of allegations of frontier violations by Greece both before and after the closing of the frontier; it is impossible to check the authenticity of these charges since Yugoslavia has not been willing to recognize the existence of UNSCOB or to permit it to investigate these incidents; one of the

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<sup>5</sup> Ambassador Kosanović paid a courtesy call on Secretary of State Acheson on July 1 just before returning to Belgrade for "routine consultation". According to John Campbell's memorandum of that conversation, not printed, Kosanović expressed his appreciation for what the United States had done to improve economic relations with Yugoslavia. The Secretary of State suggested that Kosanović talk in Belgrade with Ambassador Cannon on any matter of American-Yugoslav relations which appeared to warrant discussion—particularly the question of Yugoslav aid to the Greek guerrillas (711.60H/7-149).

<sup>6</sup> On July 10, Marshal Tito delivered a major speech at Pola (Pola), Slovenia in which he reviewed all of Yugoslavia's principal foreign policy problems including Carinthia, Trieste, Greece, relations with the U.S.S.R. and the satellites, and relations with the West. For extracts from that speech, see Carlyle, *Documents on International Affairs, 1948-1949*, pp. 459-460.

most recent was a charge that Greek planes attacked the Yugoslav town of Skocivir late in June; Yugoslav and Greek officers met at the frontier on July 11th to discuss the matter but reached no agreement on the facts or what to do about them.) Ambassador Kosanovich said that Yugoslavia had sent notes to Athens protesting these incidents but had received no replies. He hoped that something could be done about it. The Secretary asked whether these matters might not be dealt with directly by Yugoslav and Greek representatives on the spot. Mr. Rusk said that it might be possible to have joint investigations of such incidents by Greek and Yugoslav officials. The Ambassador said that he hoped the situation could be improved.<sup>7</sup>

In leaving Ambassador Kosanovich brought up the fact that American passports are stamped "not valid for Yugoslavia". He wondered whether this practice could be abolished since it seemed to be discriminatory and since there was really no reason for it. US citizens, he said, were in no jeopardy in Yugoslavia. The Secretary, after recalling that the Ambassador had brought up this same matter with him in 1947, said that the Department would look into it and see whether anything might be done.

[JOHN C. CAMPBELL]

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<sup>7</sup> Additional documentation regarding the Greek civil war and the interest of the United States in Yugoslav-Greek relations is scheduled for publication in volume VI.

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760H.61/8-2349 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET      PRIORITY

Moscow, August 23, 1949—11 a. m.

2133. British Ambassador <sup>1</sup> informs me he has suggested to London that consideration be given to desirability of utilizing current Soviet threat against Yugoslavia to publicize British, US and French condemnation of this bellicose Soviet attitude with particular reference to its inconsistency with current wide-scale Soviet peace pretensions. My colleague suggested tentatively the delivery of notes to Soviet Ambassadors in London, Washington and Paris with simultaneous publication. He discounted advisability of combined or parallel representations in Moscow on grounds that Soviets would most likely refuse to accept notes delivered there detracting from their effect.

While I have considerable misgivings as to procedure proposed and am cognizant of the general anomalies inherent in the situation I feel there is sufficient merit in Kelly's basic concept to invite Department's attention thereto. It seems to me that if Department should consider such action tactically advisable at this juncture it would be preferable to air Soviet inconsistencies in the forum of the UN. Thus, if Yugo-

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<sup>1</sup> Sir David Kelly.



slav Government should be disposed to charges Soviets in Security Council with threats to the peace based on the language of Soviet notes of August 11 and 18,<sup>2</sup> the western members could conceivably appreciably undermine Soviet peace offensive and counteract to some extent Soviet propaganda through its scheduled "World Peace Conferences" preceding the Assembly meeting. Airing in UN would also avoid to some extent opportunity which three-government approach would offer Soviets further to emphasize charges that "imperialist" powers backing Tito who has become their tool etc.

In weighing the pros and cons of this suggestion I am not unmindful of possibility that premature action might polarize the Soviet-Yugoslav conflict still further with the risk of precipitating Soviet reaction. Am also conscious that the tenor of latest Soviet note leads to belief that the implied menaces therein may well be designed along ideological party lines foreshadowing the ejection of Tito and his cohorts from "the party" or some such step as much as more open and vigorous action which would seem to raise the question whether international cognizance of the threat at this time might not complicate Tito's situation internally with his Communist Party followers. Further, it is appreciated that, if as we think, Soviet purpose at present is at least in part the stimulation of war of nerves a Yugoslav appeal to the SC might tend to give it impression of a degree of anxiety which Yugoslavs rightly have apparently been at pains to avoid.

Manifestly the primary criterion in matters is Yugoslav Government's own attitude and assessment potentialities and consequences this suggestion.

Have told Kelly foregoing views in friendly talk.

Sent Department 2133, repeated Belgrade 92, London 216, Paris 314.

KIRK

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<sup>2</sup>The Soviet notes to the Yugoslav Government under reference here were concerned with Yugoslavia's territorial and reparations claims against Austria and the alleged mistreatment of Soviet citizens in Yugoslavia; see footnotes 2 and 6 to telegram 2042, August 13, from Moscow, pp. 922 and 923, respectively.

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860H.51/8-2349

*Memorandum of Conversation, by the Acting Chief, Division of Southeast European Affairs (Campbell)*

SECRET

[WASHINGTON,] August 23, 1949.

Participants: Sava Kosanovich, Yugoslav Ambassador  
Mr. Rusk, Deputy Under Secretary  
Mr. Campbell, SE

Ambassador Kosanovich said that he wished to continue discussion of some of the problems which had been brought up in his conversa-



tion with the Secretary on August 16.<sup>1</sup> He regretted that Mr. Filipovich had not been able to accompany him since he wished to discuss chiefly financial matters. He said that within a few days the Yugoslav Embassy would submit to the Department additional information bearing on its application for loans.

With reference to the requested World Bank loan, the Ambassador said that he was disturbed by the statement made by Mr. Black, President of the Bank, appearing in the morning papers. Judging from the press, he said, Mr. Black stated that Yugoslavia would get less than it expected. Mr. Rusk said that he had not studied the statement and could not comment on it. Mr. Kosanovich said that he feared that the proposed ExIm Bank loan might adversely affect the Yugoslav request for a World Bank loan, and that the amount of the former might be subtracted from the total which might otherwise be available under the latter. Mr. Rusk said that there was no such connection between the two applications. He understood that the so-called application for the World Bank loan was in fact a series of projects submitted to the Bank which would be dealt with individually. There was no question of a total sum available for Yugoslavia from the two Banks from which an ExIm Bank loan would be subtracted when the Yugoslav projects presented to the World Bank were considered.

The Ambassador then referred to the proposed timber loan which was to be granted to Yugoslavia, along with certain other Eastern European countries, by the World Bank. He said that this loan was already negotiated and agreed upon but had been postponed at the last moment. He wondered whether anything could be done about it. Mr. Rusk said that he was not fully informed on the latest developments in connection with this loan but that he would look into it.

Ambassador Kosanovich then referred to his earlier mention to the Secretary of a small loan for consumers goods. Mr. Rusk said that he had made some inquiries on the subject and felt obliged to say that such a loan would not appear to fit into the general scheme of governmental credits. He said that loans for the purchase of raw materials (such as cotton) might be possible in some circumstances but probably not a general US Government credit for the purchase of consumers goods. The Ambassador said that he had understood that this was the situation and saw what the difficulties were.

Mr. Rusk then asked the Ambassador for clarification concerning the status of Signor Castiglione commenting that the subject seemed to need some further clarification in order that any embarrassment to either Government might be avoided. Mr. Rusk reminded the Ambassador that, when Signor Castiglione had called on him at the

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<sup>1</sup> See Campbell's memorandum of the conversation under reference, p. 924.

Department, he had listened to what Castiglione had to say without giving any encouragement or discouragement and not lending any official nature to the conversation.<sup>2</sup> Since Castiglione might at some time purport to state certain views as those of the US, Mr. Rusk continued, it was desirable to have the Yugoslav Government know that Castiglione was not authorized to speak for the US Government; and the Department would like to be sure whether, during his stay here he had any authority to speak for the Yugoslav Government. The Ambassador replied that Castiglione had been helpful to the Yugoslav Government in arranging certain commercial deals with Italy, and that the Yugoslav Government hoped that he might help in arranging certain matters in connection with trade and private loans here in the US. He, Kosanovieh, considered that Castiglione's efforts should be confined to these negotiations with private firms or individuals, and he had no mandate to discuss Yugoslav affairs with the US Government. The Ambassador said that Castiglione had in fact been to the ExIm Bank and had certain conversations there. Kosanovieh had found out about this only afterward and regretted that it had happened. He felt that talks with American Government agencies should be conducted entirely through official channels.

Mr. Rusk then turned to general political questions, noting that Yugoslavia had been in the headlines in recent days. The Ambassador said that this was unfortunately the case although the events did not always justify the headlines given them. Mr. Rusk asked concerning newspaper reports of unrest in Yugoslavia. The Ambassador replied that there was absolutely no unrest; the situation was completely tranquil. Mr. Rusk then asked in general terms about the Yugoslav attitude toward the United Nations. He inquired what was the general feeling among the Yugoslav people toward the United Nations. Mr. Kosanovieh replied that their attitude was wholly favorable. He said that the Yugoslavs had hoped that the UN would develop into an effective organization for preventing aggression. They had had certain disappointments, particularly in connection with the ease of Greece, but they retained faith in the UN and saw the need for its further growth. In reply to a question whether Yugoslavia's attitude toward UNSCOB had changed in the light of recent developments, the Ambassador replied in the negative. He said that, in view of the past history of this question, it seemed better from the Yugoslav point of view that there should be no change in its attitude. However, the Yugoslav Government was endeavoring to stabilize conditions on the Yugoslav-Greek frontier.

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<sup>2</sup>No record has been found of Rusk's conversation with Castiglione on August 11.



In leaving, the Ambassador stressed once more the importance of speed in dealing with Yugoslavia's requests for economic assistance. He said that this was the most important problem facing his Government. Mr. Rusk said that if the Ambassador would inform the Department of specific cases where Yugoslavia had suffered unreasonable delays as in the granting of licenses, the Department would see whether some of these processes might be speeded up to Yugoslavia's advantage.

[JOHN C. CAMPBELL]

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ON Files, Lot 60 D 641

*Memorandum of the Secretary of State's Press and Radio News Conference, Wednesday, August 24, 1949, 2 P. M.*<sup>1</sup>

[Extract]

No. 33

YUGOSLAV-RUSSIAN EXCHANGE OF NOTES

A correspondent said that the recent exchange of notes between Yugoslavia and Russia had given rise to some fears in the Balkans that there might be hostilities in the offing. Asked to comment, the Secretary declined but said that this Government was following this exchange with great interest. He said that we have no comments to make on the general political significance but that he would think that if the Communist parties in the United States and other parts of the world were troubled by any degree of intellectual honesty—which he said was not the case—they might have some difficulty in reconciling the notes from Moscow with the talk about the Russian peace offensive. The Secretary added that, of course, they would try to make out that this rattling of the saber from Moscow was really the cooing of the dove, but he said that the dove seemed to have a somewhat sore throat.<sup>2</sup>

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<sup>1</sup> The memorandum was prepared by Paul Lincoln White, Executive Assistant to Michael J. McDermott, Special Assistant to the Secretary of State (Press Relations).

<sup>2</sup> At his next press conference on August 31, the Secretary of State was asked if he had any opinion on the developments on the borders of Yugoslavia involving the alleged movements of Soviet armed forces. The Secretary observed that the Department was watching the developments closely, and he remarked that some of them appeared to be taking place with a sort of calculated publicity. The Secretary felt that the whole series of developments appeared to be part of the war of nerves which had been going on for some time. In answer to a question of whether any consideration was being given to permitting shipments of arms to Yugoslavia, the Secretary stated that so far as he knew no request had been made for arms (ON Files, Lot 60 D 641).



760H.61/8-2649 : Telegram

*The Ambassador in the United Kingdom (Douglas) to the  
Secretary of State*

SECRET      PRIORITY

LONDON, August 26, 1949—7 p. m.

3403. Talbot<sup>1</sup> showed us telegram just sent to British Embassy Washington giving Foreign Office views, which have been approved by Bevin, on Soviet-Tito dispute and action to be taken.<sup>2</sup> According Talbot telegram, which was sent in answer Department's request through British Embassy Washington for Foreign Office views, was repeated to British Ambassador Moscow, Paris, Belgrade who will doubtless inform their US colleagues.

Telegram sets out consideration for and against use of force by Soviets but concludes situation has reached point where all possibility some kind of military intervention cannot be ruled out or consideration of what steps can be taken to prevent it deferred. Telegram then raises question of taking dispute to Security Council along lines Embtel 3357, August 24 (repeated Moscow 104, Paris 651, Belgrade 66).<sup>3</sup>

Talbot said that Foreign Office has instructed Ambassador Peake, unless he perceives objection, to discreetly sound out Bebler at appropriate opportunity re Yugoslav Government's view concerning reference dispute to Security Council either by Yugoslavia or some other country. Talbot also stated Foreign Office has requested Cadogan's comments concerning reference dispute to SC by country other than Yugoslavia.

It is Foreign Office view that merits of reference of dispute to SC would be that such course would bring matter before world opinion and might not only deter Soviet action against Yugoslavia but would also be useful against Soviet peace offensive. In reply to our query Talbot said Foreign Office had not considered question of airing matter in General Assembly rather than SC. While Department undoubtedly will consider this point, it occurs to us that discussion in Assembly might be preferable. This course would give the same results as the Foreign Office has in mind while at the same time it would avoid certain possible disadvantages of reference to the SC: With the small SC membership and therefore few voices to be heard, our support or apparent support of the Yugoslavs position might be undesirably high-lighted. Also since any action would be impossible in the SC because of Soviet veto, at least as much and possibly more,

<sup>1</sup> Lord Talbot de Malahide, Assistant Head, Southern Department, British Foreign Office.

<sup>2</sup> The substance of the message under reference here is described in Achilles' memorandum of conversation, *infra*.

<sup>3</sup> Not printed.

depending upon developments, might be accomplished in the General Assembly.

We are in agreement with view expressed in Embassy Moscow's 2133, August 23 to Department (repeated London 216, Paris 314, Belgrade 92)<sup>4</sup> and by Foreign Office that Yugoslav attitude re reference dispute to UN is of paramount importance, and we strongly feel that if matter taken to UN it desirable that Yugoslavs do it. We also suggest that if Yugoslavs do not desire to refer dispute to UN themselves but wish some other country to take that action, (1) it should not be one of the great western powers, (2) the Yugoslav Government should make the arrangements for another country to raise the question in UN, and (3) Yugoslav Government should give firmest possible indication beforehand that it will fully cooperate while question is before UN. In latter connection British Ambassador Peake has expressed the thought to Foreign Office that Yugoslav Government's decision, after ministerial consideration, not to refer directly in its note to Article 33 of Charter, may indicate that some high Yugoslav authorities are inclined to endeavor still to appease Soviet.

Sent Department, 3403; repeated Moscow 105; Paris 655; Belgrade 67.

DOUGLAS

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<sup>4</sup> *Ante*, p. 928.

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760H.61/8-2649

*Memorandum of Conversation, by the Deputy Director, Office of European Affairs (Achilles)*

SECRET

[WASHINGTON,] August 26, 1949.

Participants: Mr. W. D. Allen, Counselor, British Embassy  
 Lord Jellicoe, Second Secretary, British Embassy  
 Mr. Achilles, EUR<sup>1</sup>  
 Mr. Melbourne, SE<sup>2</sup>

Mr. Allen and Lord Jellicoe called to give us the views of the Foreign Office on the present situation between Yugoslavia and the USSR, which I had asked them two days ago to obtain with particular reference to the credit negotiations. On the latter point, the Foreign Office said merely that progress was being made and that further word would be sent in the very near future.

The Foreign Office message indicated a darker view of the situation than we have received from any of our missions. It stated that while

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<sup>1</sup>Theodore C. Achilles became Deputy Director of the Office of European Affairs in April 1949. In October 1949, Achilles became Director of the Office of Western European Affairs.

<sup>2</sup>Roy M. Melbourne, Division of Southern European Affairs.

there was as yet no reason to deduce from current reports of Soviet troop movements that overt military action in the near future was likely, there were a number of reasons why the Soviet Government might consider liquidation of the Tito regime increasingly urgent. These reasons could include: the feeling that continuation of the Tito heresy was becoming intolerable, the prospect that once the British and US Governments had extended substantial credit to Tito they would feel that they had to some extent acquired a vested interest in his survival and be more likely to extend further assistance, the fear that Tito and the West might overthrow the Albanian regime, the belief that military action against Yugoslavia in the near future would not involve war with the West, and the desire again to use Yugoslavia as a base of Greek guerrilla operations. The Foreign Office summed it up with the statement that the possibility of overt Soviet military action could no longer be left out of consideration.

With respect to early measures, the Foreign Office did not like either the suggestion that the British, French and ourselves directly query the Soviet Government on its intention or the suggestion that a country other than Yugoslavia raise the issue in the Security Council. For the present, the Foreign Office was merely instructing the British Ambassador in Belgrade to inquire whether the Yugoslavs themselves were contemplating taking the issue to the Security Council. It hoped that we would instruct Cannon to do likewise.

I stated that, while we agreed that the possibility of overt military action could not be ignored, none of our missions in the area considered it probable and that it looked as if someone in the Foreign Office had compiled a list of reasons why it might take place. A similar list of reasons why it was unlikely would not be hard to compile. I said that we were in agreement concerning early action and were instructing Cannon to sound out the Yugoslavs on their views with respect to raising the matter in the Security Council.<sup>3</sup>

THEODORE C. ACHILLES

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<sup>3</sup> See paragraph 3 of telegram 3102, August 29, to London, repeated to Belgrade as 493, p. 938.

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760H.61/8-2749: Telegram

*The Chargé in Yugoslavia (Reams)<sup>1</sup> to the Secretary of State*

SECRET      PRIORITY

BELGRADE, August 27, 1949—8 p. m.

858. We have given close attention to views of our missions regarding situation which has arisen as result of two most recent USSR notes to Yugoslavia.<sup>2</sup> Have also seen several telegrams sent by British

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<sup>1</sup> Ambassador Cannon visited Rome from August 25 to 31, leaving Counselor Reams in charge of the Embassy in Belgrade.

<sup>2</sup> Regarding the Soviet notes under reference here, see footnotes 2 and 6 to telegram 2042, August 13, from Moscow, pp. 922 and 923, respectively.



Embassy Washington to British Embassy here. Department's preliminary views on this subject are reported in British telegrams.

We are still inclined to believe that our several telegrams on this subject (Embtels 827, August 22 and 842 August 24 <sup>3</sup>) correctly reflect nature of this situation. Some general redefinition of situation created by recent events and possible consequences may however be useful.

We accept without question view that Russians are determined in one way or another to liquidate the Tito regime. Method of liquidation is of course known only to Russians and perhaps not even to them, but seems certain that they would prefer method ostensibly internal in origin rather than one based on overt use external force. Seems equally certain Russians had decided to attempt eliminate Tito by means of economic blockade plus such internal dissension, sabotage or worse as they could bring about through means open to them. We do not believe that Russians have as yet decided that economic and other means short of overt use of force will be ineffective. They may think they have another six to eight months before effective economic aid could come from West. May also count on Tito's inability obtain arms from West and weaker strength Yugoslav armed forces at end this period than now.

Question remains whether two recent Soviet notes and rumored troop movements can be fitted into preceding pattern. We believe they can. They cannot only create some fear and confusion within Yugoslavia but tend to raise doubts in minds of West businessmen, bankers and possibly government leaders. If by such tactics Russians can slow down West aid or can induce West to believe that a tottering Tito can be forced into concessions they will have gained a major victory in their battle against him.

Although Embassy still firmly believes the foregoing to be true it goes without saying that we should take all possible proper precautions to guard against the possibility that Soviet logic may in this case differ even more widely than usual from Western. It is always possible that elimination of Tito is so important to Soviets that they may be prepared to take what they consider to be minimum risk. Such a risk might well be based on Soviet conviction that the West would not take firm stand against Soviet aggression aimed at Yugoslavia. There

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<sup>3</sup> In his telegram 827, August 22, from Belgrade, not printed, Ambassador Cannon suggested that either the Soviet leadership continued to be misinformed and stubbornly to misjudge the Yugoslav character and internal situation or Soviet agents had succeeded in building up a network in Yugoslavia of sufficient strength to justify a reasonable expectation of a successful revolt against Tito. Cannon found the second possibility highly alarming but unlikely (760H.61/8-2249). In his telegram 842, August 24, not printed, Cannon affirmed his view that the current Soviet and Cominform campaign against Yugoslavia was designed to raise internal confusion by frightening the Yugoslav citizenry and perhaps causing the Western powers to hesitate about investing in a "tottering" regime. He continued to find the Yugoslav leaders "dignified and unyielding" in their controversy with the Soviet Union (760H.61/8-2449).

is of course only one really effective method of dealing with an assumption of this sort namely make it unmistakably clear to Soviet Union that US would not be prepared idly to stand by and see the sovereignty of any small country, Communist or non Communist, violated by the Soviet Union. Reference of matter to SC would not relieve US of this burden. If we are not prepared to take a really firm stand it would be better not to bring this matter before SC.

In this connection we believe that Department should also consider precisely how dispute to be referred to SC is to be defined. It would be futile or worse to bring before the Council the specific dispute regarding Yugoslav imprisonment of White guardists. The only dispute worth consideration by SC is basic issue of Soviet determination get rid of Tito regime and substitute one subservient to Kremlin. This difficult define in terms SC competence.

Reference of dispute to SC (London's 3403, August 26<sup>4</sup>) even if satisfactory definition found raises several questions. One, is possible repercussions on Yugoslav public (Embtel 838, August 23<sup>5</sup>). Another is question of timing concerning which may be noted Yugoslavia awaiting Soviet reaction to offer to attempt settle all outstanding issues peacefully. Neither Yugoslavia nor any other in very good position refer case to SC before Soviets respond in words or action. If appropriate stage for reference SC reached, we believe Yugoslavia not any other should put case before SC or request item relating specifically to Yugoslavia be put on GA agenda.

Meanwhile a press conference statement by the Secretary to affect US and other peace-loving governments watching closely developments in Kremlin and satellite campaign against Yugoslavia might possibly have some good effects.

Sent Department, repeated London 59, Moscow 109, Paris 107, Rome 82 for Ambassador Cannon.

REAMS

<sup>4</sup> *Ante*, p. 933.

<sup>5</sup> Not printed; it reported that Yugoslav Deputy Foreign Minister Bebler had explained to British Ambassador Peake that the Yugoslav note of August 23 to the Soviet Government regarding the treatment of Soviet citizens in Yugoslavia (see footnote 6 to telegram 2042, August 13, from Moscow, p. 923) made no direct citation to the Charter of the United Nations in order not unduly to excite the Yugoslav public (760H.61/8-2349).

760H.61/8-2249 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*

SECRET

PRIORITY

WASHINGTON, August 29, 1949—7 p. m.

3102. Present thinking Dept on referring Soviet-Yugo dispute SC (Embtel 3357 Aug 24 rptd Moscow 104, Belgrade 66, Paris 651<sup>1</sup>)

<sup>1</sup> Not printed. The views of the British on the topic under reference were elucidated in telegram 3403, August 26, from London (p. 933) and in the conversation between officers of the Department and British Embassy representatives on August 26 (see Achilles memorandum of conversation, p. 934).



is that unwise for Western countries to force Tito's hand by urging Yugo bring matter before SC or to take initiative by doing so themselves. We feel Yugo must be judge whether situation warrants reference to UN. Shd it decide in affirmative, US wld support such proposals for UN action as seemed appropriate in conformity with Charter and with objective of peaceful settlement of intl differences while safeguarding Yugo independence.

Shd Sov campaign against Yugo develop into imminent threat to peace or actual breach of peace and acts of aggression, Dept wld consider recourse to UN as logical and necessary. In present state of affairs, however, believe it wld have disadvantages from Yugo viewpoint, constituting open bid for support of West and facilitating Sov campaign to tar Tito with "imperialist" brush. Since our prime objective is to keep regime afloat, seems advisable not to press UN aspect until regime itself decides such move wld help keep it afloat. Effectiveness of our pursuit that objective depends now more on concrete acts such as exports and loans than on discussion in UN and possible SC res.

Dept not unmindful of need keeping eye on development of controversy as laying basis for later UN action. Yugos appear to be well aware this aspect (Belgrade's 836 Aug 22, rptd London 54, Moscow 102, Paris 103<sup>2</sup>). Amb Belgrade authorized to sound out Yugo FonOff further in effort to see what they have in mind re possible appeal to UN.

Dept does not believe delivery of dipl notes to USSR by US, UK, France wld be desirable at this time for reasons given in Moscow's 2133 Aug 23 rptd London 216, Belgrade 92, Paris 314.<sup>3</sup> Public statements and broadcasts may be as effective in exposing inconsistency between Sov bellicosity towards Yugo and Sov "peace offensive" as dipl *dé marche* without obvious disadvantages of latter. (Emb London shld pass substance this tel to Brit FonOff.)

Sent London, rptd Belgrade, Moscow, Paris.<sup>4</sup>

ACHESON

<sup>2</sup> Not printed: it reported that the Yugoslav authorities had sought to make their August 23 note to the Soviet Government moderate in tone and free of polemics and had considered mentioning article 33 of the U.N. Charter (760H.61/8-2249).

<sup>3</sup> *Ante*, p. 928.

<sup>4</sup> Repeated to Belgrade as 493, to Moscow as 604, and to Paris as 3207.

760H.61/8-3049: Telegram

*The Chargé in the United Kingdom (Holmes) to the Secretary of State*

SECRET

LONDON, August 30, 1949—1 p. m.

3447. We communicated Department's thinking on referring Soviet-Yugoslav dispute SC with which we strongly concur, to For-



eign Office on receipt Deptel 3102, August 29 (repeated Belgrade 493, Moscow 604, Paris 3207).<sup>1</sup>

Talbot said FonOff views in complete accord with Departments. He stated however that, with reference Peake-Bebler conversation reported Embtel 3437 August 29 (repeated Moscow 166, Paris 656, Belgrade 68),<sup>2</sup> British are prepared to take question to SC if Yugoslavs request British to do so and gave prior assurance that they would fully cooperate. In this regard, we have also expressed to Talbot our doubt, indicated in fifth paragraph Embtel 3403 (repeated Moscow 105, Paris 655, Belgrade 67)<sup>3</sup> concerning desirability one of great western powers taking dispute to SC. We agree however with indication in Deptel 3102 that situation might be altered this regard if Soviet campaign against Yugoslav develops into imminent threat to or breach of peace or acts of aggression.

Talbot said that Peake would not pursue question of reference dispute to SC further with Yugoslavs without instructions, and he stated that FonOff planned take no further action at this time. He said however regarding final paragraph Deptel 3102 that at instance Bevin FonOff instructing British Embassy Washington to bring McNeil's statement on Soviet attacks on Yugoslavia in speech of August 28<sup>4</sup> to Secretary's attention with suggestion that high US official make similar statement stressing Soviets "playing with fire" which is favorite Bevin theme this matter. We believe it most desirable that any statement by US official be directed against Soviet actions and threats and far as possible avoid even by implication placing US in position of appearing support Tito.<sup>5</sup>

We informed by Watson,<sup>6</sup> FonOff official who drafted McNeil

<sup>1</sup> *Supra*.

<sup>2</sup> Not printed; it reported information from the British Foreign Office that British Ambassador Peake in Belgrade had asked Yugoslav Deputy Foreign Minister Bebler how the Yugoslav Government would view the reference of the Soviet-Yugoslav dispute to the United Nations Security Council by some other government, "perhaps by one of Yugoslavia's great allies". Bebler was embarrassed and reluctant to express an opinion but said that while he thought there might be advantages, the disadvantages probably would be greater since such an action would certainly provoke some vituperation from the Soviet Government which would cite it as further proof that Yugoslavia had definitely joined the Western camp (760H.61/8-2949).

<sup>3</sup> August 26, p. 933.

<sup>4</sup> On September 1, W. D. Allen, Counselor of the British Embassy, called at the Department of State to present copies of a speech made on August 28 at Greenock, Scotland, by the British Minister of State Hector McNeil dealing with the situation in the Balkans. A copy of the speech is attached to Achilles' memorandum of conversation with Allen in file 860H.00/9-149.

<sup>5</sup> In his telegram 2199, September 1, from Moscow, not printed, Ambassador Kirk commended the tone of the Secretary of State's statement on August 24 (see p. 932) but suggested further statements by the Department be withheld until the Soviet Union made a further move. In particular, Kirk urged against use of the "playing with fire" phrase which appeared to be stronger than current circumstances warranted (760H.61/9-149).

For information regarding the Secretary of State's comments about Yugoslavia at his press conference of August 31. see footnote 2, p. 932.

<sup>6</sup> John H. Watson, Assistant Head, Information Research Department, British Foreign Office.

statement, that decision that McNeil make statement was reached in meeting with Bevin.

Sent Department 3447, repeated Belgrade 701, Paris 657, Moscow 108.

HOLMES

760H.61/8-3149

*Memorandum by the Acting Chief of the Division of Southeast European Affairs (Campbell) to the Assistant Secretary of State for European Affairs (Perkins)*<sup>1</sup>

SECRET

[WASHINGTON,] August 31, 1949.

Subject: Reports Concerning Soviet Troop Movements Directed Against Yugoslavia.

There has been a striking unanimity in reports received from our Legations at Bucharest, Budapest, Prague and Sofia, which has been supported by Military Attaché reports from these posts seen by this Division. These are to the effect that Soviet troop movements reported by them and which have appeared in the press are part of the Soviet war of nerves against Yugoslavia and that it is not intended to employ them for a direct armed intervention against the Tito régime. An OIR report on Soviet troop movements, prepared today, confirms this conclusion. No formal evaluation of the situation by the NME has been seen and it is believed that such an evaluation should be requested on a daily basis from that establishment. This obviously would be an indispensable complement to political estimates arrived at in the Department.

No formal evaluation of Soviet troop movements has been made by the Yugoslav Government to our Ambassador in Belgrade aside from verbal statements by the Deputy Foreign Minister that the Govern-

<sup>1</sup> This memorandum appears to respond to the inquiries set forth in an undated, handwritten note from Secretary of State Acheson to Assistant Secretary of State Perkins which is attached to the source text. The Secretary's note reads as follows:

"Mr. George Perkins—

Chip [Charles E. Bohlen, Counselor of the Department of State until June 1949 and subsequently Minister at the Embassy in France] is worried that the Russians may be intending to use the armored divisions sent to the border in Hungary and Rumania.

1) Have we an intelligence report on the number of divisions available within striking distance? A military evaluation of intentions.

2) Has Cannon gotten Tito's own estimate? Should he? D.A."

The draft telegram under reference here was not found attached to source text. A telegram was sent to Belgrade as 502, August 31, 7 p. m. This telegram, presumably a revision of the draft under reference, read as follows:

"While reports from our satellite Missions appear to confirm your estimate that Sov troop dispositions are component of nerve warfare against Yugoslavia, we would appreciate your keeping us currently informed Yugo evaluation of these troop movements since naturally possibility of Sov armed strike against that country cannot be completely excluded." (760H.61/8-3149)



ment was viewing them calmly with an emphasis on their propaganda motivation. Our own reports are to the effect that the Yugoslav Government is taking no noticeably extraordinary precautions, but since troop dispositions have been arranged strategically for some time, this perhaps has not been needlessly apparent. However, it would appear to be the part of caution at this time to request Ambassador Cannon at his earliest opportunity to secure an official Yugoslav evaluation of the Soviet military dispositions. Accordingly, a telegram to this effect is attached for your signature.

JOHN C. CAMPBELL

711.00/9-149

*Department of State Policy Statement*

SECRET

[WASHINGTON,] September 1, 1949.

YUGOSLAVIA

A. OBJECTIVES

The fundamental long-range objective of US policy toward Yugoslavia is the re-emergence of that country as a democratic, independent member of the world community, cooperating with and adhering to the United Nations, and willing to contribute fully to the establishment of international peace and well-being. Economically, we seek the establishment of US-Yugoslav commercial relations consistent with the principles of the draft charter for an International Trade Organization and the General Agreement on Tariffs and Trade, accompanied by effective Yugoslav participation in east-west trade as envisaged in the European Recovery Program.

Our present immediate objective, in the light of Tito's defiance of Stalin and our view that Titoism should continue to exist as an erosive and disintegrating force within the Russian power sphere, is to extract the maximum political advantage from this quarrel within the Communist family. Accordingly, we are permitting Tito to purchase, to the extent his own funds and small credits will allow, urgently needed goods now required by Yugoslav civilian economy and which can no longer be obtained from the Soviet bloc because of the economic embargo. In this way, we hope to foster his independence of the USSR, strengthen his resistance to Soviet pressure, and provide an example to those dissatisfied elements in the Communist Parties of the Cominform countries of what they too might have if they embark on Tito's course.

B. POLICIES

Prior to the Cominform denunciation of Tito and his group on June 28, 1949 [1948], our attitude toward and relations with the present



Yugoslav regime were largely conditioned by, and were on lines similar to, our policies in respect to the Soviet Union. The Tito-Kremlin break, however, has introduced new factors which call for constant watchfulness on our part and a continual reappraisal of our views toward Tito's Yugoslavia.

We have no intention of making overtures to Tito, but at the same time we should take no step which he might construe as a definite repulse of any advances he might make toward closer association with us and the other western democracies, and in consequence might influence him to make his peace with Moscow. If Tito makes a definite move toward us, either through choice or necessity, we shall then consider, in the light of all prevailing circumstances, what specific steps we should take to accomplish our objectives.

The collapse of the hitherto accepted legend of Kremlin omnipotence and infallibility by the airing of Tito's heresy has uncovered a path which gives promise of leading to the development of better economic relations between Yugoslavia and the US and the ERP countries. We have considered that an affirmative economic policy toward Yugoslavia on our part, permitting Tito to buy in the US urgently needed industrial goods, would be advantageous as a means of encouraging Yugoslavia's further detachment from the Soviet bloc. Accordingly, we recommended to the National Security Council a relaxation in existing export controls with respect to US trade with Yugoslavia. These recommendations, approved by the President on February 18, 1949, authorize certain economic measures which we consider necessary for reasons of paramount political expediency, and provide, with respect to any possible conditions we might later impose on Tito, that these should be in the nature of political concessions on his part.

[Here follow sub-sections B,1 Political and B,2 Economic, reviewing United States political and economic relations with Yugoslavia from 1945, and section C, Relations With Other States. These sections comprise eight typewritten pages in the source text.]

#### D. POLICY EVALUATION

Considering the Communist nature of the Yugoslav Government, it must be admitted that the accomplishment of our long-range policy objectives toward Yugoslavia is not realizable at this time, despite certain favorable potentialities which may exist in the present Tito-Kremlin split. Yugoslavia is still a totalitarian dictatorship led by men who have consistently followed, and so far continue to follow, an anti-US policy. Our condemnation of the Yugoslav denial of the fundamental freedoms has had little noticeable effect in changing the attitude of the Yugoslav Government. Nonetheless, through our overseas broadcasts we are able to give a true picture of what we are doing

to assist in the establishment of a peaceful and prosperous world community. These broadcasts should also exploit fully the discord which has arisen in Tito's relations with his former Communist allies.

In the field of economic relations we should continue to carry out present policy in order to provide concrete examples for Tito that he will probably have a source to which he can turn for at least certain kinds of vital industrial materials no longer available to him from Cominform countries. The Yugoslav decision to join the Coal Committee of the Economic Commission for Europe, thereby obtaining an allocation of coke, formerly furnished by Poland and Czechoslovakia, was the first significant departure, as a result of Cominform economic sanctions, from Yugoslavia's reliance on the eastern bloc.

These economic sanctions are forcing Yugoslavia to divert its trade to the west, which is an important ERP objective. Maximum economic advantage should therefore be extracted from the approaching Yugoslav trade reorientation. The ensuing months, during which it is hoped this shift will occur, will be extremely critical for Tito in his efforts to defeat the Soviet objective of strangling him by a trade embargo. Yugoslavia's present critical balance of payments position and available dollar resources compare most unfavorably with its large requirements for foreign industrial materials. This situation calls for timely financial assistance, and it is in our interest to see that Tito has such credits as are necessary to keep his regime from foundering. In these circumstances, it may well be that active consideration should be given to the possibility of requiring some positive action on Tito's part beyond the scope of general trade relations, in return for continued US economic aid. The US should not make political concessions *sine qua non* of economic aid. Nevertheless, we should be prepared to seize appropriate opportunities to draw Yugoslavia toward the west politically as well as economically.

One or two other unresolved matters, dormant at this time in view of the Tito-Cominform rift, may later arise. The present high state of tension in Yugoslav-Bulgarian relations makes it quite impossible for Tito to achieve within the near future his long-standing goal of uniting parts of Bulgarian Macedonia with the Yugoslav Macedonian Republic, as was provided for in the Yugoslav-Bulgarian Treaty of 1947. Similarly, it is highly improbable in the present circumstances, especially in the face of the Soviet-inspired threat to form an "independent Macedonian state," that Tito will revive his former plans for the formation of a Balkan Federation under his leadership. While we would consider the formation of a comprehensive Balkan understanding of the kind envisaged by the UN Charter conducive to peace and stability in that region, there is no prospect of an understanding while the Tito-Kremlin struggle is going on; and no prospect of a free



Balkan regional grouping so long as Soviet power dominates the greater part of the Balkan area.

Our former conflicts with Tito over the surrender of alleged war criminals and traitors have almost completely disappeared. Of the hundreds of persons whom the Yugoslavs claim are guilty of war crimes, we have turned over only those relatively few persons found within our jurisdiction who we are reasonably satisfied, after a thorough examination of all available evidence, did actually commit atrocities or wilfully collaborated with the enemy. While it is not improbable that at some future date Tito might renew his charges that we have failed to live up to our obligations in this respect, there are no present indications that such a campaign will be resumed. Most if these alleged Yugoslav traitors are merely political refugees who were successful in escaping from Tito's grasp and are now residing in western Europe or in the US, where they are endeavoring to band together with a view to working toward the eventual liberation of their country from Communist control. Personal and policy differences between the several Yugoslav racial and political groups have so far prevented the establishment of a single unified organization. For the time being, because of our policy toward the Tito-Kremlin feud, we are not encouraging the formation of such a body.

The possibilities, in the near future, of achieving our fundamental long-range objectives in Yugoslavia, as opposed to the short-range objective of keeping Tito afloat, are not favorable. Nevertheless, we must bear in mind that the US and the way of life it represents have many admirers among the Yugoslav people. We should therefore continue to demonstrate that the economic security and prosperity promised but not realized by Tito can, in fact, be attained without resort to the suppression of individual liberties and civic rights. Accordingly, we should provide by our own example and through our information activities a constant reminder to the Yugoslav people of the desirability of a democratic system of government and mode of living.

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760H.61/9-749

*Memorandum of Conversation, by the Acting Chief, Division of Southeast European Affairs (Campbell)*

SECRET

[WASHINGTON,] September 7, 1949.

Lord Jellicoe called today to give the Department the Foreign Office views of the situation in Yugoslavia recently received by the British Embassy. These views modify in some degree those which Mr. Dennis Allen gave to Mr. Achilles on August 26 (see memorandum of that



conversation<sup>1</sup>). The Foreign Office agrees with the Department that a direct Soviet attack is quite unlikely. The British feel that Moscow is not so committed that it cannot retreat, believing that the Soviet capabilities for a *volte-face* are practically unlimited. However, they also feel that the Soviets are confident that they could undertake such an attack without serious risk of military intervention from the West, although realizing the effect such action would have on world opinion and on their own claims as the champion of peace. The Soviets may find, the Foreign Office thinks, that when they see the Western powers going a long way to help Tito economically, their best way out will be to liquidate him before it is too late. Also, the longer his collapse is deferred, the greater the strain will be on the Soviet bloc and the stronger will be the motivation to liquidate Tito quickly.

[JOHN C. CAMPBELL]

<sup>1</sup> *Ante*, p. 934.

800.00 Summaries/9-1249 : Circular telegram

*The Secretary of State to Certain Diplomatic Offices*<sup>1</sup>

TOP SECRET

WASHINGTON, September 12, 1949—1 a. m.

Estimate of our mil auths on Yugo mil potential in event armed conflict with USSR is that while Sovs cld eventually subjugate Yugo it wld be very big operation and wld be no blitzkreig. In event overt Sov attack, our mil auths believe Yugo Army would effect strategic withdrawal to mountainous core of country where it could maintain large-scale organized defensive action for several months on regular line of battle. If this line were eventually disrupted, our mil believe guerrilla warfare could continue for indefinite period. They point out that in last war Axis was obliged utilize 500,000 troops and several of best generals to oppose Yugo partisan activities and Yugo Army has uninterrupted leadership from days of guerrilla warfare against Axis. At present five Sov divisions are in vicinity of Yugo—two in Aust, two in Hung and one in Rum. Any build-up of Sov forces for offensive wld take some time and wld require at least 20 divisions. Signs of such build-up wld be clear enough before hand over period of about six weeks even if this concentration were conducted at most rapid pace. Sovs could expect only negligible help from their satellite armed forces which lack leaders, equipment and training. In fact our mil auths feel Yugo Army could most effectively dispose of all Sov satellite forces on its periphery if it had to deal with them alone. It is US mil opinion that Albania constitutes no problem for Yugo

<sup>1</sup> This circular information telegram was sent to Belgrade, Berlin, Bucharest, Budapest, London, Moscow, Paris, Praha, Rome, Sofia, Trieste, Vienna, and Warsaw.

Army and that even while engaged in repulsing full-scale Sov offensive, Yugos could occupy Albania with little difficulty.<sup>2</sup>

ACHESON

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<sup>2</sup> This circular telegram incorporates the conclusions of a meeting held on September 6 between Assistant Secretary of State Perkins, Deputy Assistant Secretary of State Thompson, and other officers of the Department of State with ranking members of the Eurasian Section, G-2, Army General Staff. Roy Melbourne's memorandum of the meeting is included in file 760H.61/9-649.

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*Current Economic Developments*, Lot 70 D 467

*Current Economic Developments*

[Extract]

SECRET

[WASHINGTON,] September 12, 1949.

No. 219

FINANCIAL AID TO BE GIVEN YUGOSLAVIA BY THE US AND UK

The first important measure of financial assistance from the west in Yugoslavia's present economic crisis was effected on September 8 with the extension by the Eximbank of a \$20 million credit to Yugoslavia. Of this total, the Bank authorized the immediate establishment of a \$12 million credit, repayable over 10 years, for US materials and equipment for the rehabilitation of Yugoslavia's non-ferrous mining industry; the remaining \$8 million of credits will be established from time to time as items of materials, equipment and services to be financed under such credits are agreed upon by the Bank of Yugoslavia.<sup>1</sup>

Meanwhile, discussions have been proceeding on a UK credit to Yugoslavia in connection with the negotiations for a UK-Yugoslav trade agreement and nationalization claims settlement. The final UK credit offer appears to meet most of the Yugoslav requests, and it is anticipated that final agreement will be reached shortly. The UK will offer a credit of £8 million repayable in six years and additional short-term (90 days) credits up to a maximum of £5 million. The credits are to be conditional upon payments under the trade agreement being maintained generally in balance at the level contemplated in the trade negotiations.

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<sup>1</sup> The National Advisory Council on August 25 approved consideration of the proposed \$20 million credit to Yugoslavia by the Export-Import Bank. The Board of Directors of the Export-Import Bank at its meeting on August 31 approved the credit to Yugoslavia as described here. The Bank's press release announcing the extension of the credit was delayed and revised at the request of Yugoslav Ambassador Kosanovic and was not issued until September 8. A considerable body of documentation regarding the negotiation of the Export-Import Bank credit to Yugoslavia is included in file 811.516 Export-Import Bank.

Action by the US and UK followed the receipt of information concerning Yugoslavia's urgent need for financial assistance to provide sufficient economic and political stability to enable the Tito regime to continue its fight against the Cominform. The Yugoslavs stressed that, if assisted during this extremely critical period of re-orienting their economy from east to west, they would be able to repay this assistance by the export of non-ferrous metals, timber and other products to the west.

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PPS Files, Lot 64 D 563

*Paper Prepared by the Policy Planning Staff*<sup>1</sup>

TOP SECRET  
P.P.S. 60

[WASHINGTON, September 12, 1949.]

YUGOSLAV-MOSCOW CONTROVERSY AS RELATED TO U.S. FOREIGN POLICY  
OBJECTIVES

*Analysis*

Possible courses of action open to the Soviet Union in its present endeavor to liquidate the Tito régime fall into four categories:

1. Direct armed attack by Soviet military forces assisted by the armies of the satellite countries bordering on Yugoslavia.
2. Armed attack by the military forces of the satellite states not supported directly by the Soviet Army.
3. Intensive guerrilla operations within Yugoslavia directed and supported from the outside.
4. Continuation and intensification of the present political, economic and psychological pressures linked with attempts to instigate internal revolt within Yugoslavia and possibly accompanied by endeavors to assassinate Tito and his principal lieutenants.

Soviet success in destroying the Tito régime in Yugoslavia and supplanting it by a puppet government completely subservient to Moscow, by any one or a combination of the methods stated above, would represent to Greece and Italy an immediate threat to their security and to the United States and the Western European nations a serious reverse in their world position. The Western position in Trieste and Italy would immediately become more difficult and the present possibilities of a Yugoslav-Italian agreement on a Trieste solution would undoubtedly disappear. In addition, with Soviet power reestablished along the northern frontiers of Greece, the recent Western gains in Greece would be seriously jeopardized. While the limits of the area

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<sup>1</sup> As document UM D-60, September 14, 1949, this paper was considered by the Under Secretary's Meeting of September 16; see the record of that meeting, p. 959.



of Soviet control would merely be restored to what they were before the Tito-Kremlin break, the strategic situation would in fact be worse in that recent Western gains would have been lost and increased momentum given to Soviet expansionism.

The suppression of the Tito heresy could not fail to have a profound and perhaps decisive influence upon all those elements within the Communist world which are presently resisting the absolute control of the Kremlin under the leadership and inspiration of Tito's successful resistance. It is, of course, in the important interests of the West that Tito be kept afloat as his continuing success represents a profound rift in the Kremlin control of international communism as an instrument of Russian expansion.

The four possible courses of action mentioned above are examined below in the light of (a) the likelihood of their adoption in accordance with the best present estimates based on information available at this time and (b) their implications, if adopted, as related to U.S. security and national interests. There follow, in each case, policy recommendations and suggested courses of action open to the United States.

#### I. ARMED ATTACK BY SOVIET MILITARY FORCES ASSISTED BY SATELLITE FORCES

Although Tito's heresy represents an intolerable challenge to Soviet authority, the Soviet Government is not likely to risk a direct military attack on Yugoslavia which might develop into a general conflict. Without doubt the Kremlin will exploit all possibilities short of war to liquidate the Tito régime. Our knowledge of Soviet methods indicates that Moscow will probably exercise patience and restraint in this operation, resorting to direct and overt force only under conditions where there exists little or no risk of a general war which the Soviet Union desires at this time to avoid. It is the considered view of U.S. diplomatic missions in Moscow and in southeast Europe as of this date that the present Soviet threats accompanied by troop movements in the satellite areas represent one phase of the war of nerves against Tito rather than preparations for an actual military attack. The increasingly hysterical tenor of Soviet accusations against Tito, however, and the extent to which Moscow is staking its prestige on the early elimination of the Tito régime may lead the U.S.S.R. to launch a blitzkrieg with the aim of destroying Tito's power in Yugoslavia and replacing him with a puppet régime completely subservient to Moscow. It should be constantly borne in mind that the Kremlin regards the Yugoslav problem as a Communist family affair rather than a conflict between two sovereign states. This Soviet view coupled with the extreme importance which the Politburo undoubtedly attaches to an early solution of the Yugoslav problem may well distort

its appreciation of the international consequences of overt military action on the part of the Soviet Union against the Tito régime.

Should the Soviet Army undertake a full scale attack on Yugoslavia, it could probably overrun the flat northern part of the country and take Belgrade. The Yugoslav forces, however, should be able to maintain resistance for some months in the mountainous central area, and in any case to continue widespread guerrilla operations for a long period.

A direct Soviet military attack on Yugoslavia would represent an open violation of the United Nations Charter (Article 2) which requires all members to settle their international disputes by peaceful means and to refrain from the threat or use of force against the territorial integrity or political independence of any state. In addition, such aggression would raise certain questions relating to the right of the U.S.S.R. to use the territory of other states for the purpose of attacking Yugoslavia. Inasmuch as Russian territory is not adjacent to Yugoslav territory, any Soviet attack would probably come through Hungary and Rumania and possibly Bulgaria.

Under the peace treaties, the Soviet Union is entitled to keep in Hungary and Rumania "such armed forces as it may need for the maintenance of lines of communication of the Soviet Army with the Soviet Zone of Occupation in Austria". If Soviet troops in Hungary and Rumania were used for another purpose, i.e., aggression against Yugoslavia, such would represent a violation of treaty obligations which the U.S. might protest. Our legal grounds, however, would be considerably weakened should the Rumanian and Hungarian Governments consent to such use of their territories by Soviet forces, which they would of course do. The situation is somewhat different in Bulgaria as under the Bulgarian peace treaty the Soviet Union was required to withdraw all of its occupation forces, but here again the Bulgarian Government would undoubtedly invite the Soviet Army to return.

Although the Soviet Zone in Austria is not contiguous to Yugoslavia, the Soviet Army might well be expected to make use of the Russian Zone in connection with an attack on Yugoslavia probably as a military staging area and as a base for air attacks. In such event, the U.S., the U.K. and France would have legal grounds to protest such action as a violation of the inter-allied agreements which form the basis for the allied occupation of Austria.

### *Recommendations*

In the event that the Soviet Army should attack Yugoslavia, the U.S.:

1. Should take the position that it is concerned that a breach of the peace should have taken place;



2. should denounce any violation of the peace treaties or of Allied agreements relating to Austria;

3. should vote for consideration of the question if brought before the Security Council by Yugoslavia or by any member of the UN;

4. in case it is not raised by Yugoslavia or any other state, should take the initiative in acting together with other states to bring the question before the Security Council, not in the form of a charge against the Soviet Union for aggression but by way of calling attention to a condition involving a breach of the peace;

5. should make clear in taking such action under 3 or 4 above that this Government is acting solely in accordance with its obligations as a member of the UN and that such action has no relation to the principles and practices of either of the parties to the dispute or to the origins of the conflict.

6. should participate as seems appropriate at the time in devising a resolution in the Security Council which includes the condemnation of the aggression;

7. should cooperate in carrying out the resolution adopted by the Security Council in the unlikely event that such adoption is not blocked by Soviet veto; and

8. should, in the event of a military conflict of some duration, permit Yugoslavia to purchase arms in the U.S. and be prepared to furnish arms directly to Tito if political and military considerations should so warrant.

## II. ARMED ATTACK ON YUGOSLAVIA BY MILITARY FORCES OF SOVIET SATELLITE STATES

Yugoslavia armed forces should be able to defeat any attack by neighboring satellite states (Albania, Bulgaria, Rumania, Hungary) not given substantial support by the U.S.S.R. In numbers, quality and morale the Yugoslav forces are stronger than the combined forces of the four satellites. It is not likely, therefore, that the U.S.S.R. would direct the satellite states to attack Yugoslavia unless it were sure of their success. Thus, any such military campaign by the satellites would certainly have Soviet direction, Soviet support, and probably the assistance of Soviet military forces in satellite uniforms.

If Soviet participation in such an attack by the satellites were sufficiently open and large-scale, the U.S.S.R. itself could be charged as a party to the aggression, and the same considerations would apply as are set forth under Section I above. If Soviet participation were veiled (which is assumed here), the satellites might succeed, after a relatively extended struggle, in winning a military victory over Tito, unless he could replenish his military equipment from Western sources. In following this course, the Russians could hardly count on a blitz victory. They would incur the risk that the satellite armies would suffer some military reverses and that a long drawn out struggle would bring increasing possibilities of a general conflict. The West would be given time to take stock of the developing situation, and the



United Nations probably would have time to take up the question before military operations terminated.

For the U.S., the implications of a military conquest of Yugoslavia by the Soviet satellites would be the same as in the case of a military campaign waged by the Soviet Army itself. If the conflict were not quickly won, however, the United States and other Western powers would have to consider the desirability of providing Yugoslavia with military assistance. A decision on this point would depend largely on (a) the military situation in this area and in the world; and (b) decisions by the UN or by signatories to the peace treaties.

Three of the satellite states in question (Hungary, Bulgaria, Rumania) were Axis states in the last war, and the peace treaties with them have been in effect only two years. The fourth satellite (Albania) was considered neither an Allied nor an Axis state during the war, but since the war it has a record of treaty violations and of aggression against Greece. An attack by these four states on Yugoslavia, an Allied state during the war, would create a situation enabling other states signatory to the peace treaties to contemplate corrective action against the aggressors. Such action could be justified under Article 106 of the United Nations Charter and would not, like Security Council action, be subject to Soviet veto. The United States, as a signatory to the treaties, would be entitled to take such action as was agreed to in concert with other signatories.

### *Recommendations*

In the event of an armed attack on Yugoslavia by one or all of the satellite states, the U.S.:

1. Should take action in the UN along the lines of the recommendations set forth in Section I above;
2. should consult with other treaty signatories with a view to possible common action against the former enemy states;
3. should, in the event of a military conflict of some duration, permit Yugoslavia to purchase arms in the U.S. and be prepared to furnish arms directly to Tito if political and military considerations should so warrant.

### III. EXTENSIVE GUERRILLA OPERATIONS WITHIN YUGOSLAVIA SUPPORTED FROM THE OUTSIDE

The most likely development in the intensified Soviet offensive against Yugoslavia, along with increased political, economic and psychological pressures, is a campaign of guerrilla operations within Yugoslavia directed and supported by the U.S.S.R. from neighboring states. Present indications are that the guerrilla effort against Tito will be focused on Yugoslav Macedonia, the weakest spot in the present Yugoslav political structure. It would be based chiefly on Bulgaria and Albania. Probably the remnants of the Greek guerrilla forces would be utilized and would operate, alongside "Macedonian" forma-

tions, from bases in these two countries. Troop movements, "frontier incidents", and lesser guerrilla activities are likely along the borders of Rumania and Hungary. (Guerrillas could not operate, except by air, from the Soviet Zone of Austria, which is not adjacent to Yugoslavia.)

Yugoslav security forces are presently able to protect the Tito régime from attack from within and the Yugoslav army should be able to deal with guerrilla operations unless they are on a large scale and supported by Soviet direction and supplies. Yugoslavia, however, would soon run short of military equipment, since its military establishment was largely built up with supplies from the Soviet bloc from which it has now been cut off for months. Tito would need arms from the West as well as economic and financial support. In a long struggle, his increasing dependence upon the West would make possible greater accommodation with Greece and also with Italy and thus increase the possibilities for a Yugoslav-Italian settlement of the Trieste problem. In the eventuality of such a protracted guerrilla campaign, in which Tito would have a good chance of maintaining his position, the U.S. and the West would have the possibility, by helping him to maintain Yugoslavia's independence, of drawing Yugoslavia closer to the West.

The use of Albania by the Soviets as a base against Tito would raise questions concerning counteraction by Tito against Albania, the future of the Albanian régime, the interests of Yugoslavia, of Greece and of the Western powers in Albania, and the possibilities which are open to the U.S. and other Western powers in that strategic area. At present there appear to be four alternative solutions to the Albanian problem:

1. the continuance of the present Soviet-controlled régime of Enver Hoxha;
2. a revolt which would bring in a pro-Tito régime;
3. a revolt which would bring in an anti-Communist and pro-Western régime;
4. occupation and partition of Albania by Greece and Yugoslavia.

There are presently between two and four thousand Russians in Albania who are in complete control of the Government. The U.S.S.R. desires to maintain this control as long as possible as a menace with at least nuisance value against Greece and Yugoslavia. Internal disaffection and economic distress have reached a point where the present régime faces revolt, thus inviting intervention from both Yugoslavia and Greece. A pro-Tito group of Albanians in Yugoslavia has been formed and is ready at the proper moment to enter Albania in an attempt to seize power. Should such a Tito-backed intervention occur, there would be a danger of direct Greek intervention with a view to occupying at least southern Albania, which the Greeks claim as "Northern Epirus". Such events might have grave international con-



sequences possibly leading to a general conflict; in addition, they would seriously complicate the Balkan picture and might operate to arrest and reverse the Yugoslav-Greek trend toward mutual cooperation against the Cominform. Direct Yugoslav or Greek intervention in Albania, moreover, would operate to prevent the seizure of power by anti-Communist, pro-Western Albanian elements.

### *Recommendations*

If the U.S.S.R. and its satellites should undertake a campaign of guerrilla operations against Yugoslavia, the U.S.:

1. Should afford increased economic and financial support to Yugoslavia;
2. should, if requested by Tito, make it possible for him to obtain military supplies from the U.S. on an *ad hoc* basis adjusted to developments in the Yugoslav situation, which should be kept constantly under review;
3. should take no initiative to bring the question before the United Nations, but should support the right of Yugoslavia or any other state to do so if it desires;
4. should, if the question is brought before the UN, stand on the principles of the Charter and support the condemnation of acts which threaten the independence and integrity of Yugoslavia;
5. should support any resolution which is approved by the SC (no resolution directed against the U.S.S.R. or its satellites is likely to be passed in view of the Soviet veto);
6. should support such appropriate action as may be taken by the General Assembly, such as the use of UNSCOB for observation;
7. should approach Tito on the Albanian question with a view to preventing action in Albania which would endanger or unduly complicate our policy on the Yugoslav question or our world position vis-à-vis the U.S.S.R. (This matter is now a subject of study by the Department in consultation with our Embassy in Belgrade, and we expect to work out a coordinated policy with the U.K. at the time of Mr. Bevin's visit to Washington. It is therefore impossible to make a more specific recommendation with regard to Albania in this paper<sup>2</sup>); and
8. should warn the Greek Government again, if necessary, to refrain from direct military intervention in Albania.

#### IV. CONTINUATION AND INTENSIFICATION OF THE PRESENT POLITICAL AND ECONOMIC PRESSURES, LINKED WITH ATTEMPTS TO STIR UP INTERNAL REVOLTS WITHIN YUGOSLAVIA AND POSSIBLY WITH ATTEMPTS TO ASSASSINATE TITO AND HIS CHIEF LIEUTENANTS

Tito has shown his ability to withstand political, economic and psychological pressure. With the assurance of economic and financial support from the West, he should continue to hold his own. His security forces should be able to thwart any attempts at internal revolu-

<sup>2</sup> British Foreign Secretary Bevin was in Washington in mid-September in connection with the First Session of the North Atlantic Treaty Organization Council. For documentation on United States policy with regard to Albania, including the record of Bevin's discussion with the Secretary of State, see pp. 298 ff.



tion. Although the possibility of assassination cannot be overlooked, even the removal of Tito from the scene would not be likely to change the basic situation since the other Yugoslav Communist leaders are equally committed to his policies and involved in his heresy.

### *Recommendations*

#### The United States

1. Should continue its present limited economic support of the Tito régime under NSC 18/2,<sup>3</sup> with such added help as is necessary to attain the objectives laid down in that paper;

2. should, if Tito requests arms, make it possible for him to obtain them in this country on an *ad hoc* basis, keeping the situation in Yugoslavia under continuous review; and

3. should not take the initiative in referring the Moscow-Belgrade dispute to the UN, leaving that decision to the judgment and initiative of the Yugoslav Government.

<sup>3</sup> Not printed; see editorial note, p. 868.

860S.00/9-1449: Telegram

### *The Ambassador in Yugoslavia (Cannon) to the Secretary of State*

SECRET

BELGRADE, September 14, 1949—7 p. m.

923. I took advantage of long general conversation with Bebler reported mytel 898 September 8<sup>1</sup> to speak frankly on matters of Yugoslav Government public policy with special reference to fundamental freedoms, arrests without trial, propaganda excesses and international obligations.

As point of departure I took recent Zone B persecutions (Embtel 900 September 9<sup>2</sup>) stupid Tanyug article on supposed economic misery at Trieste (Embassy's airgram 578 August 25<sup>2</sup>) and forthcoming debate at UNGA on basis of report of UNSCOB. I said that in Yugoslav Government's own interest time has come to take into account world public opinion since Yugoslavia needs all the friends it can get. As regards US it is no longer enough that certain high officials and elements of press should understand Yugoslav's predicament; now that credits and major items of supply are under consideration US Congress various government departments and people at large will have hand in forming US policy. I again referred to Greek children, treatment of non-Communist political leaders, persecution of church, arrests of former Embassy and GRU employees, treatment of dual nationals, and general abuse through propaganda agencies.

<sup>1</sup> Not printed; in it Ambassador Cannon reported that he had a long talk with Deputy Foreign Minister Bebler on September 8 reviewing various internal and external questions prior to his departure for the forthcoming session of the United Nations General Assembly. The telegram dealt with that part of the conversation dealing with Greek-Yugoslav relations (501.BB Balkans/9-849).

<sup>2</sup> Not printed.

These matters had long been on my mind but time had seemed hardly ripe for most effective discussions. I decided however to prepare ground for more specific presentation as later developments may warrant and therefore covered whole field though I touched on some of the themes lightly and without inviting response.

Bebler listened carefully and saw point when I said Yugoslav delegate at New York should be prepared answer lot of awkward questions if they meet up with US officials and press. On matter of arrested Embassy employees I was more specific and proposed that we submit lists of names for Yugoslav Government to look into individual cases to which he agreed.

I think we can get best results by handling this informally and without publicity. If Department approves I intend to seek suitable opportunities for work along this line keeping in mind that other major problems may require priority.<sup>3</sup>

CANNON

<sup>3</sup> In his telegram 1061, October 17, from Belgrade, not printed, Ambassador Cannon reported that he had discussed with Yugoslav Deputy Foreign Minister Mates several cases of American citizens and alien employees of the Embassy in Belgrade imprisoned by the Yugoslav Government during the past three or four years. Mates promised to look into the cases and see what could be done (S60S.00/10-1749).

CFM Files, Lot M-88, Box 144, Memos Conv Formins and Sec Sep 1949

*Memorandum of Conversation, by the Secretary of State*

TOP SECRET

[WASHINGTON,] September 14, 1949.

Participants: Mr. Bevin <sup>1</sup>	Mr. Acheson
Ambassador Sir	Ambassador Jessup <sup>6</sup>
Oliver Franks <sup>2</sup>	Mr. McGhee
Sir Gladwyn Jebb <sup>3</sup>	Mr. Thompson
Sir Roger Makins <sup>4</sup>	Mr. Achilles
Mr. Barclay <sup>5</sup>	Mr. Satterthwaite <sup>7</sup>

Subject: Conversation with Mr. Bevin on Yugoslavia

Opening the discussion on Yugoslavia, I said the main difficulty in our view was the country's economic position. The International Bank will probably not give a dollar loan as the service on the Export-

<sup>1</sup> British Foreign Secretary Bevin was in Washington in connection with the First Session of the North Atlantic Treaty Organization Council. This conversation on Yugoslavia appears to have been part of a longer meeting during which a number of other topics was discussed. For the record of the conversation on Albania, see p. 315.

<sup>2</sup> British Ambassador in the United States.

<sup>3</sup> British Deputy Under Secretary of State; Superintending Under Secretary, United Nations Department, British Foreign Office.

<sup>4</sup> British Deputy Under Secretary of State.

<sup>5</sup> Roderick E. Barclay, Private Secretary to Foreign Secretary Bevin.

<sup>6</sup> Philip C. Jessup, United States Ambassador at Large.

<sup>7</sup> Livingston Lord Satterthwaite, Chief, Division of British Commonwealth Affairs, Department of State; on October 3, Satterthwaite became Deputy Director of the Office of British Commonwealth and Northern European Affairs.



Import Bank loan has already committed Yugoslavia's dollar earning capacity. The International Bank might be able to arrange a sterling or lira loan. Bevin said the British would like to go into this question with us; that they had just extended a loan to Yugoslavia of eight million pounds sterling.

Bevin said he wanted to talk to Schuman on Yugoslavia, as Schuman is nervous about the position there.

Thompson said that the Bank is exploring the possibilities of a loan, but it seemed clear that Yugoslavia could only dispose of her principal exports, other than non-ferrous minerals, in Europe. Bevin then speculated whether the European countries together might make a loan to Yugoslavia. This might have some over-all advantage as an outgrowth of the Strasbourg talks<sup>8</sup> and give a pan-European concept to the loan. Bevin said he would talk this over with Cripps;<sup>9</sup> that he would like to save Tito, who, although he was a scoundrel, was our scoundrel. Thompson remarked that the economic plight of Yugoslavia for the next six months would be severe, but that the long-range picture was not too bad. Bevin concluded by saying that in areas where we are engaged in the war of nerves, we have to be able to take abnormal steps. We can't be guided by rules. I said we broke the rules in the case of the rolling mill.

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<sup>8</sup> The Council of Europe, established under an agreement signed on May 5 by representatives of ten Western European countries, held its first meeting in Strasbourg, the permanent seat of the organization, in early August.

<sup>9</sup> Sir Stafford Cripps, British Minister for Economic Affairs.

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S60H.00/9-1449

*Memorandum of Conversation, by the Secretary of State*

SECRET

[WASHINGTON,] September 14, 1949.

Participants: Count Sforza<sup>1</sup>  
Ambassador Tarchiani<sup>2</sup>  
Mr. Acheson  
Mr. Achilles  
Mr. Satterthwaite<sup>3</sup>

Sforza asked my views on what is happening in Yugoslavia. I said I did not think that present developments were a prelude to military action against Yugoslavia. Military action would blow up the myth of Russia befriending its satellite countries as well as its "peace" campaign. Troop movements were too small to indicate serious prep-

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<sup>1</sup> Count Carlo Sforza, Italian Minister for Foreign Affairs, was in Washington in connection with the First Session of the North Atlantic Treaty Organization Council. This conversation appears to have been part of a longer meeting during which Secretary Acheson and Sforza also discussed the former Italian colonies and the North Atlantic Treaty Organization. For the records of those conversations, see vol. iv, pp. 583 and 328, respectively.

<sup>2</sup> Alberto Tarchiani, Italian Ambassador in the United States.

<sup>3</sup> Livingston L. Satterthwaite.



arations for action. We had also considered the possibility that Russia might be stirring up the satellites to take military action but did not believe that to be the case. Sforza said there were elements of disease in Russia and Czechoslovakia. I said that I thought perhaps the intensifications of Russian efforts in Yugoslavia might be intended as a warning to Tito to stay out of Albania. It could also be for the purpose of stirring up trouble in Yugoslavia.

Sforza said that his policy was one of being friendly with the Yugoslavs even though the Italians do not like them. Tito would always be a Communist, but there is a possibility that he might be to Communism what Luther had been to Catholicism. If Tito survived Soviet pressure, the Italians might play down their claims in Trieste, and might support a Yugoslav-Bulgarian Union. If Tito became really cooperative and stopped making difficulties in Trieste, the Italians might agree to letting him have special influence in Albania. Although he wanted to be friendly with Yugoslavia, he could not betray the Italians who want to be under Italy. I said that these matters would require careful consideration. We would be sympathetic when the time came, but we would want to take a long look at the Albanian problem lest it stir up the Greeks or Russians and really blow things up. Sforza said he was thinking mainly of the future, meanwhile he was glad the Americans were in Trieste.

[DEAN ACHESON]

CFM Files, Lot M-88, Box 144, Memos Conv Formins and Sec Sep 1949

*Memorandum of Conversation, by the Secretary of State*

TOP SECRET

[WASHINGTON,] September 15, 1949.

Participants: Mr. Bevin	Mr. Acheson
Sir Oliver Franks	Ambassador Jessup
Sir Roger Makins	Ambassador Murphy <sup>2</sup>
Mr. Schuman	Mr. Reber <sup>3</sup>
Ambassador Bonnet <sup>1</sup>	Col. Byroade <sup>4</sup>
	Mr. Thorp
	Mr. Satterthwaite <sup>5</sup>

Subject: Conversation with Bevin and Schuman on Yugoslavia

Bevin said that he and Schuman had had a talk about the dangers arising in Yugoslavia and what steps could be taken to assist Tito to

<sup>1</sup> Henri Bonnet, French Ambassador in the United States.

<sup>2</sup> Robert D. Murphy, until March 1949, United States Political Adviser for Germany with the rank of Ambassador; from March to September 1949, Director, Office of German and Austrian Affairs; appointed Ambassador to Belgium in September 1949.

<sup>3</sup> Samuel Reber.

<sup>4</sup> Henry C. Byroade, Colonel, U.S. Army, retired; Acting Deputy Director, Office of German and Austrian Affairs, March-October 1949; Director, Bureau of German Affairs, from November 1949.

<sup>5</sup> Livingston L. Satterthwaite.

maintain his economic position over the next few months. According to the press, the underground against Tito is coming out into the open. What will be the effect of the difficulties in Yugoslavia with regard to Greece and Albania and what attitude should be adopted toward these problems in the UN? It is obviously in our interest to support Tito if we can do so unostentatiously. The British have given the Yugoslavs a credit of eight million pounds and the Export Bank has made a loan, but this is not enough. Can the European governments and Great Britain play a more positive role, assisted by the financial authorities in America?

I said the Export-Import Bank had agreed to a twenty million dollar loan. The International Bank does not believe it can lend any more dollars, as the Yugoslavs can't service the loans. There are, however, sufficient exports going to lira and sterling areas to service loans made in those currencies. The World Bank is looking into the question of sterling and lira loans, but can't grant them, of course, without the consent of the British and Italian Governments. I said I didn't know what the possibilities of a French franc loan might be.

Bevin replied that he thought perhaps we could arrange for the Italians, French, British and Belgians to make a collective loan. I remarked that if the Yugoslavs get through the next six to nine months they may be out of danger economically, but that meanwhile the short-term picture looked very bad. Schuman interposed that the situation was bad politically as well as economically, and I agreed. Schuman then said that the French are negotiating a commercial treaty with Yugoslavia. He thought credit from France would help, and that European aid within the framework of commercial treaties should be studied. Bevin agreed that it should be studied and said that collective action might supplement direct action. Makins said that he did not know whether anything more could be done beyond help from France, the United States, and the sterling loan, but that the British would look into it.

Bevin said that it occurred to him the agitation in Yugoslavia may be caused by the Soviets to divert Tito from Albania. He then asked Schuman what he thought of the general Yugoslav situation. Schuman said he thought there was a real risk of an attempt against Tito's life or of sabotage organized by a fifth column. He did not think there was a danger of a direct attack from the outside. He was not sure, of course, but there was no indication of an immediate danger of external attack. I asked Schuman whether he thought the internal situation of Tito was weak. Schuman said he did, that trouble from rightist parties could develop as well. Tito had been very rough on people who opposed him and there was much resentment in Yugoslavia against him. Schuman repeated, however, that trouble from the Right was a danger rather than a probability.



We then discussed what form of help Tito should take and what he needs. Mr. Thorp said the United States had given a loan of twenty million dollars to Yugoslavia, of which twelve is committed and eight is left for future projects. What the Yugoslavs need most are cotton, coke, and oil and petroleum products. Coke is the most difficult to supply. The British can supply the oil products for sterling. The Yugoslavs can get along without imports of food.

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Under Secretary's Meetings, Lot 53 D 250

*Record of the Under Secretary's Meeting, September 16, 1949,  
Department of State<sup>1</sup>*

TOP SECRET

[WASHINGTON, September 16, 1949.]

1. YUGO-MOSCOW CONTROVERSY AS RELATED TO U.S. FOREIGN POLICY  
OBJECTIVES (D-60<sup>2</sup>) (TOP SECRET)

The major issues developed in the discussion of the above paper were:

(a) The reaction the United States should have in the event that the Soviet attacks Yugoslavia. Mr. Kennan believed that the U.S. should let the Yugoslavs bring the matter before the U.S. [U.N.], and the U.S. should simply treat the matter as a breach of the peace within the framework of the UN procedures. (Mr. Reams believed that the Yugoslavs would bring the matter to the UN.) Mr. Fisher believed that such an attack should be recognized by this Government as an

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<sup>1</sup> The following officers attended the meeting:

Under Secretary of State James Webb (Chairman)

Dean Rusk, Deputy Under Secretary of State (Deputy Chairman)

William Park Armstrong, Jr., Special Assistant to the Secretary of State for Research and Intelligence

W. Walton Butterworth, Assistant Secretary of State for Far Eastern Affairs

Adrian S. Fisher, Legal Adviser

John D. Hickerson, Assistant Secretary of State for United Nations Affairs

George F. Kennan, Director, Policy Planning Staff

George C. McGhee, Assistant Secretary of State for Near Eastern and African Affairs

Willard F. Barber, Deputy Assistant Secretary of State for American Republic Affairs

Robert D. Murphy, Director, Office of German and Austrian Affairs

George W. Perkins, Assistant Secretary of State for European Affairs

John E. Peurifoy, Deputy Under Secretary of State for Administration

Dallas W. Dort, Special Assistant to the Assistant Secretary of State for Economic Affairs

Paul H. Nitze, Deputy Director, Policy Planning Staff

Walter A. Radius, Director, Office of Transport and Communications

James Q. Reber, Special Assistant, Executive Secretariat

Robert B. Reams, Counselor of the Embassy in Yugoslavia (in Washington for consultation)

This record was presumably prepared by Reber. Regarding the establishment of the Under Secretary's meetings, see footnote 1 to the minutes of the meeting of February 14, p. 863.

<sup>2</sup> Same as document P.P.S. 60, September 12, p. 947.



act of aggression, as it would be, and that such recognition would not involve us in the rightness or wrongness of the causes preliminary thereto. Mr. Kennan expressed the fear that such a recognition would further confuse our public and the world public since those publics already have difficulty in distinguishing the difference between our dislike of Communism in any form from the practical conditions which dictate our assistance to Tito.

(b) Page 7, paragraph 8<sup>3</sup>—Should this measure be tightened in order to insure that there will be sufficient resources available to Tito to prevent his giving up if attacked by the Soviet? Messrs. Perkins and McGhee were firmly of the belief that such strengthening of the measures should apply. Mr. Fisher pointed out that MAP would offer no assistance in this regard.

(c) Whereas Mr. Kennan's point of view conceived that an attack by the Soviets on Tito would be a local affair, Mr. Radius pointed out that the first sentence on page 2<sup>4</sup> indicated that this would represent a threat to the security of Greece and Italy. Mr. Kennan agreed that this was inconsistent with the rest of the paper and his point of view. Messrs. Webb, McGhee, Perkins and Hickerson believed rather that such an attack would be the beginning of a series of a chain of events which would lead toward a major war.

(d) There seemed to be a difference of opinion as between Messrs. Kennan and McGhee *et al* on the effect of such an attack upon the European populations. Mr. Kennan felt that such an attack would open a Pandora's box for the Russians and would bring about an impossible occupation problem for them, since the Yugoslav guerrillas could hold out for a very long time and this would show the other people where they would end up under the Soviets. He conceived this would increase the trend toward defection. On the other hand, it was suggested the likelihood that such an attack would illustrate to those who had thought of defecting the hopelessness of their case in the face of Soviet strength and determination.

Mr. Webb and others in discussing the steps which might be taken to better inform the public raised the possibilities of background briefing for the press or speeches on our policy toward Yugoslavia. Mr. Kennan thought this should be handled very carefully and would have to be done over and over again in order to insure that our attitude toward the Yugoslavs is clear. Mr. Nitze pointed out that such preparations were already under way in the Public Affairs area. Mr. Schwinn is planning to bring a paper to him shortly for examination. Mr. Wilgus may wish to check on how these preparations are coming.

Reference was made to the concern expressed by Mr. Bevin to the Secretary on the crucial nature of the next six or eight months in Yugoslavia because of the economic situation and his inquiry as to what could be done about it.<sup>5</sup> Mr. Reams pointed out that there is ade-

<sup>3</sup> The reference here is to the final paragraph of Section I of P.P.S. 60.

<sup>4</sup> The reference here is to first sentence of the sixth paragraph of P.P.S. 60 which begins: "Soviet success in destroying the Tito regime. . . ."

<sup>5</sup> For the Secretary of State's memorandum of his conversation with Foreign Secretary Bevin and Foreign Minister Schuman on September 15, see *supra*.

quate food supply but there is great need in the field of mining, forestry and transportation equipment, the last being necessary to meet a dire need of food distribution.

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760H.61/9-1649

*Memorandum by the Assistant Secretary of State for Near Eastern and African Affairs (McGhee) to the Deputy Under Secretary of State (Rusk)*<sup>1</sup>

TOP SECRET

[WASHINGTON,] September 16, 1949.

Subject: Suggestions Regarding Policy To Be Followed in Relation to Yugoslav-Moscow Controversy.

With reference to the discussion at the Under Secretary's meeting September 16 on the Yugoslav paper (UM D-60),<sup>2</sup> I should like to submit the following observations:

If the Soviet Union should succeed in re-establishing in Yugoslavia a subservient government such as existed prior to the Tito-Cominform break in June 1948, the consequences with respect to Greece would be most serious. The blow to Greek morale would be tremendous, and the opportunities for renewed and intensified guerrilla pressure on Greece would obviously be great. I have grave doubts that we could, over a period of time, save Greece from Communist domination under such circumstances.

If the Soviet Union were to establish itself in direct control of Yugoslavia, with Soviet officials running the country and Soviet troops stationed on its territory, the results would be even more disastrous for Greece. I believe the pressure which would then be brought on Greece would certainly cause the failure of our efforts to preserve it.

In view of this picture, I feel strongly that we should be prepared to take positive action, within the limitations of over-all policy, to support the Tito regime against the overt type of attack envisaged in Sections I and II of the paper under consideration. Specifically, I think we should be ready to rush all needed military and other supplies to Tito as soon as any attack is launched. We should be able to assure Tito, or any other or successor group resisting the USSR, that this support would be forthcoming in the event of open attack. Our objective should be to assist Tito, by every available means short of involving ourselves directly in the conflict, to maintain control at least of the more defensible mountain areas of Yugoslavia.

If, despite our assistance, the Tito Government should lose control

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<sup>1</sup>The source text is initialed by Assistant Secretary McGhee and was presumably read by Deputy Under Secretary Rusk.

<sup>2</sup>For the record of the meeting under reference here, see *supra*.



of the greater part of the country and be reduced to carrying on guerilla warfare against the USSR and its satellites, I believe we should continue our support and should utilize Greek territory for the support of Yugoslav guerrillas just as the Cominform has used Albanian, Bulgarian and Yugoslav territory for the support of Greek guerrillas in Greece. Under these circumstances, the mountainous nature of the terrain and the difficulty of sealing the Greek frontier would work to our advantage and to the disadvantage of the Cominform. It would seem probable, furthermore, that many more Yugoslavs could be recruited to fight as guerrillas in Yugoslavia than the Communists have been able to enlist from among Greeks to fight in Greece. By using these methods, we would at least have some hope of keeping the Cominform so occupied with maintaining its position in Yugoslavia that it would not have time to devote to the overthrow of the Greek Government.

I would suggest that EUR be assigned the responsibility for working out a plan for the support of Tito along positive lines, such as those suggested above. NEA will of course be glad to assist in any such planning.

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760H.61/9-1749 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET

Moscow, September 17, 1949—1 p. m.

2337. Believe latest developments Kremlin's campaign liquidate Tito support our previous estimate no overt Soviet action presently contemplated, and campaign will, for time being at least, be continued through satellite pressures, general propaganda and covert efforts within Yugoslavia.

Main emphasis has momentarily shifted to Rajk affair<sup>1</sup> and its implications. Besides being directed against nationalist deviations everywhere and hammering theme Tito western imperialist stooge who sold Yugoslavia to Wall Street, Rajk affair includes charges Tito clique also endeavoring overthrow other peoples' democracies.

Some western observers here are beginning speculate re continuing Soviet failure reply August 23 Yugoslav note re treatment Soviet citizens.<sup>2</sup> Besides Kremlin's probable difficulties in drafting suitable reply (compare London's 3437 to Department August 29<sup>3</sup> and Bel-

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<sup>1</sup> Regarding the trial and execution of Hungarian Communist leader László Rajk, see airgram A-985, September 26, from Moscow, p. 471.

<sup>2</sup> Regarding the note under reference here, see footnote 6 to telegram 2042, August 13, from Moscow, p. 923.

<sup>3</sup> Not printed, but see footnote 2 to telegram 3447, August 30, from London, p. 939.



grade's 911, September 12<sup>4</sup>), it is just possible Soviets realize previous threatening official communications were tending boomerang, in strengthening determination Yugoslav Government, rallying support Yugoslav people around Tito, marshalling world sympathies his favor, and that they obviously clash Kremlin's world "peace" offensive, and tend push Yugoslav initiate possibly unpalatable in consideration Soviet threats. Hence, possible that issue of Soviet citizens may not be pushed further on diplomatic level, at least for time being.

Phraseology re present status mutual aid pact used Polish note to Yugoslavs (Warsaw's 1195 to Department September 9<sup>5</sup>) is highly reminiscent Soviet charges last Control Council meeting Berlin (March 1948), Poles charging Yugoslavs have themselves destroyed treaty but carefully refraining from denouncing it themselves. Presume other members Soviet-satellite family may develop similar charges, aimed further isolating Tito, still hoping goad him into denouncing these pacts and breaking diplomatic relations, and at same time laying ground work for any such steps Soviets and satellites might themselves later wish take. Espionage charges contained Polish note complement Rumanian accusations outlined Bucharest's 611 to Department August 19.<sup>5</sup>

Embassy notes that Mrasovic, Yugoslav Ambassador Moscow, but presently absent, was mentioned repeatedly by name in Hungarian charges against Rajk *et al* (Embtel 2279, September 12<sup>5</sup>), as well as Latinovic, though latter allegedly Yugoslav Minister Switzerland and hence presumably not identical Yugoslav counselor here.<sup>6</sup>

Only other new element in recent Soviet-Cominform propaganda against Tito seems to be exhortations and claims re development anti-Tito Communist underground organization inside Yugoslavia (Embtels 2232, September 6 and 2275, September 11<sup>7</sup>). We trust Bebler's information re this (Belgrade's 911 to Department) is correct.

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<sup>4</sup> Not printed; in it Ambassador Cannon reported on a conversation with Yugoslav Deputy Foreign Minister Bebler. Bebler was not particularly disturbed about the danger of sabotage acts committed by Soviet agents. Despite much talk of a free Yugoslav Communist Party with underground cells, the Yugoslav Government was confident it could detect and neutralize such groups before they reached an active stage. Yugoslav authorities also showed no particular anxiety regarding the Soviet delay in replying to their note of August 23 (860H.00/9-1249).

<sup>5</sup> Not printed.

<sup>6</sup> In a note of October 25, the Soviet Government accused Karlo Mrazović, Yugoslav Ambassador to the Soviet Union, of spying and subversive activities and requested his removal as Ambassador. Mrazović had departed from the Soviet Union in April 1949, and Lazar Latinović, Counselor of the Yugoslav Embassy, was serving as Chargé. In a note of November 18, the Soviet Government accused Latinović of espionage and subversion and requested his removal. For the exchange of notes between the Soviet and Yugoslav Governments on the Mrazović and Latinović ousters, see *White Book*, pp. 183-185.

<sup>7</sup> Neither printed.

Sent Department 2337. Depart pass Belgrade 116, London 252, Paris 338.

KIRK

760H.61/9-2249

*Memorandum by the Assistant Secretary of State for European Affairs (Perkins) to the Deputy Under Secretary of State (Rusk)*<sup>1</sup>

TOP SECRET

[WASHINGTON,] September 22, 1949.

Subject: Comments Relating to Yugoslav-Moscow Controversy

The following are my comments on the Yugoslav paper,<sup>2</sup> omitting minor drafting changes which we would be glad to make to whoever works on the revision:

1. The use of force by the Soviet Union in either direct or indirect form would constitute a serious act of aggression, and we would be obliged in such circumstances, apart from our obligations as a member of the United Nations, to consider what the effects of such action would be upon the United States' security interests, for example, in Greece, in Eastern Europe, and in the Free World. In determining our policy, we should weigh carefully what United States action would be justified even though the United Nations is unable to act. We might, for example, if circumstances justified, wish to join with other nations willing to go along with us in furnishing military supplies and in imposing economic sanctions.

The most important question, in our opinion, is to insure that the Soviet Union is not able by the use or the threat of force to reduce Yugoslavia to the status of a Soviet stooge. When faced with attack, or threat of imminent attack, we believe it to be of major importance to United States security interests that Yugoslavia resist such attack with all her power, which, according to G-2, is probably somewhat greater than is reflected in this paper. The decision to make such resistance will depend, in our opinion, not so much upon Tito and his immediate colleagues, as upon the second-rank Communist leaders in Yugoslavia. Should a crisis arise, we believe it essential that Tito be able to convince his followers that he can obtain from the West the necessary supplies, economic and military, to maintain an all-out resistance effort. We should be in the position to receive sympathetically any requests from him in such circumstances. The supplies needed would probably be small, and it might be possible that in the first instance at least the British would be in the best position to furnish them. The further we can go in preliminary planning along

<sup>1</sup> The source text is initialed by Assistant Secretary Perkins and was apparently read by Deputy Under Secretary Rusk.

<sup>2</sup> The reference here is to document P.P.S. 60, September 12, p. 947.



this line, the greater will be the chances of a firm Yugoslav position, and the greater the possibility that the Soviet Union will be deterred from any rash acts.

2. The section on Albania on pages 14 and 15 should be brought up to date. A paper on this subject is in the process of being cleared and if approved, this paper should be brought into harmony with it.<sup>3</sup>

<sup>3</sup> The reference here is presumably to the Department paper on Albania, dated September 21, p. 320.

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*Current Economic Developments*, Lot 70 D 467

*Current Economic Developments*

[Extract]

SECRET

[WASHINGTON,] September 26, 1949.

No. 221

YUGOSLAVIA FUND DRAWING APPROVED

The International Monetary Fund on September 22 approved a \$3 million drawing by Yugoslavia, with assurances that that country would make every effort to repurchase this amount within two years. This drawing represents the second major contribution by the west in recent weeks to the economic re-orientation of Yugoslavia; the Eximbank having extended a \$20 million credit to Yugoslavia on September 8. The conclusion of a UK-Yugoslav economic agreement, which will provide for sterling credits to Yugoslavia, has apparently been delayed as a result of the devaluation of the pound. The British have indicated that the £8 million medium-term credit under this agreement will probably be granted by private London banks rather than by an instrumentality of the government, as had previously been assumed. Short-term credits of £5 million will be extended by private banks, with a government guarantee. An International Bank mission is still in Yugoslavia in connection with the latter's application for a Bank loan. In the light of discussions with this mission, the Yugoslavs have scaled down to \$78 million the projects proposed for the Bank's financing. The International Bank's timber credit to Yugoslavia, and that to Finland, are nearing completion as a result of the recent agreement in principle by timber importing countries to use non-ECA dollars to pay for certain timber imports from these countries. In order to provide dollars for the repayment of the \$2.7 million loan to Yugoslavia, France has agreed to pay in dollars for \$200,000 worth of timber, Italy for \$400,000, the Netherlands for \$400,000 and the UK for \$1.7 million.

The tempo of economic assistance to Yugoslavia has been accel-



erated with recent reports concerning the seriousness of Yugoslavia's immediate balance-of-payments position. Other forms of assistance are therefore being considered, with a cotton credit to Yugoslavia among the more immediate possibilities. It is still felt that the long-range prospects for Yugoslavia are good and that Yugoslavia will be able to repay any credits extended when it has completed the re-orientation of its economy from east to west.

760H.6411/10-349 : Telegram

*The Ambassador in Yugoslavia (Cannon) to the Secretary of State*

SECRET

BELGRADE, October 3, 1949—7 p. m.

1030. *Borba*<sup>1</sup> this morning reported but did not comment upon denunciations of mutual aid and friendship treaties with Yugoslavia issued by Hungary and Poland September 30 and by Rumania and Bulgaria October 1.<sup>2</sup> We expect Yugoslav reaction to these denunciations will be moderate and will follow line expressed Yugoslav note to Soviet Union on October 1 which declared formal denunciation by Soviet Union of 1945 mutual aid treaty changed nothing since Soviets had long since in fact made dead letter of treaty. Yugoslavs are still determined not to be provoked into any untoward act and we believe them to be relying heavily on airing of situation in UN to prevent open hostilities. This they again brought to Kremlin's attention in October 1 note by accusing Soviet Union of "violating international principles of UN Charter".

We do not perceive how Yugoslavia loses any essential ground through recent Soviet-satellite tactics of treaty denunciations and we suggest that such tactics may reflect Yugoslav success in polarizing conflict on Belgrade Moscow axis (Embtel 1009, September 29<sup>3</sup>) and

<sup>1</sup> The organ of the Communist Party of Yugoslavia.

<sup>2</sup> On September 28, 1949, the Soviet Government addressed a note to the Yugoslav Government abrogating the Soviet-Yugoslav Treaty of Friendship, Mutual Assistance, and Post-War Cooperation of April 11, 1945. Similar notes abrogating their respective treaties of alliance with Yugoslavia were addressed to the Yugoslav Government by the Hungarian and Polish Governments on September 30, by the Romanian and Bulgarian Governments on October 1, and by the Czechoslovak Government on October 4. Yugoslavia replied to the Soviet Union on October 1. Replies were also made to Hungary on October 8, Bulgaria on October 13, Romania on October 15, Poland on October 21, and Czechoslovakia on October 22. The texts of the Soviet note of September 28 and the Yugoslav reply of October 1, together with the Yugoslav replies to Czechoslovakia and Bulgaria, are printed in Yugoslav Ministry of Foreign Affairs, *White Book*, pp. 140-161. The Soviet-Yugoslav exchange and the Hungarian and Bulgarian notes are printed in Carlyle, *Documents on International Affairs 1949-1950*, pp. 473-482.

<sup>3</sup> Not printed; in it Ambassador Cannon commented that recent statements by Yugoslav leaders dismissing the Cominform with contempt as merely an instrument of the Soviet Union indicated that the struggle was on a direct Moscow-Belgrade axis (760H.64/9-2949).

may be aimed primarily at protecting Cominform area from influence Tito heresy rather than at subversion of Yugoslav regime (as were such previous tactics as economic blockade).

We find it difficult to gauge influence of Titoist nationalism in satellites but believe Soviet estimate of its strength could well demand stalling off of Yugoslavia.

Whether Soviet tactics will now lead them to breaking diplomatic relations cannot be judged here but it seems to us more reasonable to suppose they will resort to mass reciprocal expulsions of diplomats leaving formal relations for present in hands one or two representatives each country in Yugoslavia and vice versa.<sup>4</sup>

Sent Department 1030; repeated Paris 127; pouched Sofia, Bucharest, Warsaw, Budapest, Praha; Department pass Moscow 142.

CANNON

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<sup>4</sup>In telegram 1009, Ambassador Cannon reported having been told by Yugoslav Deputy Foreign Minister Mates that the Yugoslav Government expected the expulsion of its diplomatic personnel from various posts but intended to retaliate only to the degree necessary to make manifest Yugoslavia's intention not to be intimidated. The Yugoslav Government expected some of the satellites to break diplomatic relations, but it would not be provoked into such an action itself.

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740.0011 EW (Peace)/10-349: Telegram

*The United States Deputy for Austria (Reber) to the Secretary of State*<sup>1</sup>

SECRET

NEW YORK, October 3, 1949—7:23 p. m.

Delau 310. Bebler<sup>2</sup> asked me to see him this afternoon strongly to urge earliest possible conclusion of Austrian treaty. He said Yugoslavia was no longer arguing for recognition of rights or for territory but was solely interested in preserving its independence. In its present struggle for existence, Yugoslavia was convinced one of most effective single contributions which could now be made would be agreement for withdrawal of Soviet troops from Austria and consequently from Hungary and Rumania. As long as Soviet troops remain in Austria with no prospect of early removal, their proximity to Yugoslavia enables them to continue to exert pressure. Although Bebler recognized that troops would not leave Austria for some time even after signature, he claimed that agreement for termination of occupation

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<sup>1</sup>In the autumn of 1949, the Deputies for Austria of the Council of Foreign Ministers held a series of meetings in New York to consider the remaining unagreed articles of the draft Austrian State Treaty. For documentation on these meetings, see vol. III, pp. 1146 ff.

<sup>2</sup>Yugoslav Deputy Foreign Minister Bebler served as one of Yugoslavia's Representatives to the Fourth Regular Session of the United Nations General Assembly, held in New York, September 20-December 19, 1949.



would nevertheless be of immense benefit and would encourage people of Yugoslavia in their resistance to Soviet pressure.

I pointed out that there was as yet no evidence of Soviet willingness to conclude treaty now and further that departure of Soviet troops from Austria would not necessarily guarantee their withdrawal from Hungary and Rumania, as there were other ways of evading treaty obligations in this respect. He admitted these governments might request retention of Soviet garrisons but believed Soviets at present stage would be reluctant to face adverse UN criticism of such evasion particularly since without excuse of garrison in Austria, it would be difficult to justify retention of a sufficient number of troops adversely to affect Yugoslav interests.

Bebler therefore said his government hoped US would not be too rigid in attitude with respect to economic clauses of Austrian treaty stating that although burdens might be heavy, dangers of no settlement at all were far more serious. Both Bebler and Kosanovic<sup>3</sup> appeared worried over present situation and said that although we had had many arguments in the past, they were convinced I would appreciate sincerity of their present appeal.

Bebler has asked to see me again after Thursday meeting and we have agreed to meet Friday.

Department please relay Belgrade as Usun 8, Vienna as Usun 3, London as Usun 18, Paris as Usun 18 and Moscow as Usun 15.

[REBER]

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<sup>3</sup> Yugoslav Ambassador Kosanović also served as one of his government's representatives to the U.N. General Assembly.

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760H.61/10-749: Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

SECRET

Moscow, October 7, 1949—1 p. m.

2537. We concur with UN sources and others that elimination of Tito has acquired front-line position in Soviet political objectives partly because Yugoslav *intransigence* corrupts other faithful adherents and partly upon basis personal challenge leadership J. V. Stalin. We still feel more subtle means than armed invasion will be found to endeavor execute whatever design may have been concocted, such as murder, insurrection or revolt. It seems hard to reconcile "peaceful objectives" USSR with direct military action which would cause severe shock tremors among populations this and other peoples democracies and among Western left circles. Even cynical Kremlin would probably flinch from such spectacle displayed before eyes world.



However, military action in Yugoslavia could be initiated in response to special situations arising from outside factors or by inspired internal episodes. Red Army deliverance might be strong medicine for whatever stood in its path but of its efficacy there can be little doubt in minds of all whose memories remain fresh in Balkans. Present locations Red Army units abreast frontiers are useful for such an advance, meanwhile rehearsing and planning for eventualities.

Ominous aspect any such "deliverance" and initiated by whatever means plausible or not, lies in suddenness of its impact upon an unready world plus danger any such operational ways carries of spilling over into adjacent areas. What reaction of Western world would be to such an event is worthy of estimation.

While continue to feel that UN airing this dispute should await further material developments (Deptel 3102 to London August 29<sup>1</sup>), we believe we should now appreciate that likelihood of such action is probably increasing and plan accordingly. In that event we hope tempered firmness would be the line taken. Nevertheless such firmness should be appreciated as carrying the idea of sanctions. Consequently, some assessment of possible sanctions is advisable prior to letting events travel too far and too fast, and with full deference to state of public opinion.

I am in accord with Cannon's views (Belgrade's 1030, October 3<sup>2</sup>) that next step will be expulsion diplomatic staffs rather than formal rupture relations. Such pressures will be well advertised and it seems to me some Yugoslav personalities are now definitely scared (Usun telegram 1215, October 3<sup>3</sup>). Am also aware certain British observers feel Tito not so firmly in saddle after all, and that seeds of dissension have already been sown. Continued propaganda and subversive activities will undoubtedly play further part.

Immediate effect this situation seems to be to force US help Yugoslavia economically at a faster rate than originally contemplated now that the *cordon sanitaire* has been stretched on northern and eastern borders, although monies granted on this calculated risk should continue to be nicely controlled as to amounts, timing and uses.

<sup>1</sup> *Ante*, p. 937.

<sup>2</sup> *Ante*, p. 966.

<sup>3</sup> Not printed. It reported that the Yugoslav Delegation to the United Nations General Assembly had let it be known to British newsmen that Yugoslav authorities were increasingly worried about the dispute with the Soviet Union. Particular reference was made to reports of Soviet aircraft movements. The Yugoslav Delegation indicated to newsmen that instructions were expected soon from the Yugoslav Government to bring the dispute with the Soviet Union before the United Nations (501.BB/10-349).

Sent Department 2537. Department pass Belgrade 139, Paris 359, London 277.

KIRK

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760H.61/10-1149: Telegram

*The Chargé in the United Kingdom (Holmes) to the Secretary of State*

TOP SECRET

LONDON, October 11, 1949—7 p. m.

4085. Rumbold<sup>1</sup> showed us today Foreign Office paper outlining consideration given by Foreign Office Russian committee at meeting September 27 to Soviet-Tito conflict and conclusions reached. Rumbold remarked that this "think piece" indicated present Foreign Office views on question.

Following is summary of committee's conclusions set forth in paper:

(a) Though Soviet feels time on its side, it is increasingly impatient with continuance of Tito regime.

(b) Since economic and political pressure has failed to dislodge Tito, Soviets have had to make new plans.

(c) Soviets will attempt instigate armed rebellion against Tito but stop short direct Red Army action. Although forces in satellites continue to be increased, not sufficient for invasion of Yugoslavia but not known what preparations there may be inside Russia.

(d) If instigated rebellion not sufficient unseat Tito, direct action against Yugoslavia by Red Army not to be excluded at later stage unless Soviets feel invasion of Yugoslavia would start general war for which Soviets not believed prepared.

(e) While Yugoslav economic situation worse than previously thought, if Tito can last winter only direct Soviet military action can overthrow him.

Rumbold said above-mentioned paper will be sent British Embassy Washington with instruction that Hoyer Miller show it to Thompson.<sup>2</sup>

Sent Department 4085; repeated Belgrade 82; Department pass Moscow 158.

HOLMES

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<sup>1</sup> Sir Anthony Rumbold, Head of the Southern Department, British Foreign Office.

<sup>2</sup> Sir Frederick Robert Hoyer Millar, British Minister in the United States, called on Deputy Assistant Secretary of State Thompson on October 18 and presented a copy of the Foreign Office paper under reference in this telegram. According to his memorandum of the conversation, not printed, Thompson expressed his appreciation and, after reading the paper, said that it seemed in general to be in line with the Department of State's estimate (860H.00/10-1849). The Foreign Office paper was subsequently seen by the Secretary of State.



860H.51/10-2149

*Memorandum of Conversation, by the Deputy Assistant Secretary of State for European Affairs (Thompson)*

CONFIDENTIAL

[WASHINGTON,] October 21, 1949.

Participants: The Belgian Ambassador, M. Silvercruys  
Mr. Paul Hubert, Attaché  
The Secretary of State  
Mr. Thompson, EUR

The Secretary said he had asked the Ambassador to come in in order to discuss the current Yugoslav situation. He emphasized the importance of the Yugoslav break with the Kremlin and said that at the present time Yugoslavia was faced with a difficult situation in its balance of payments. The situation was particularly difficult with respect to the rest of this year and for 1950. It appeared that the long term outlook beginning with 1951 looked good. We had arranged an Export-Import Bank loan of 20 million dollars and when these and other steps that were being taken had time to take effect, Yugoslavia would be able to increase its exports and would probably not be in an unfavorable situation. The British were negotiating a commercial agreement which we understand involves 13 million pounds credit, and the French are looking into the situation to see what they can do. The World Bank is considering a substantial loan. The immediate difficulty is that Yugoslavia owes Belgium some 4½ million dollars, representing short term credits advanced to pay for earlier purchases and it is expected that there will be a trade deficit on current account of about another 1.5 million dollars. On September 10, 1950, the Yugoslavs will owe Belgium another 4.5 million dollars under the present payments agreement. The Secretary said that in view of the importance to us all of keeping Tito afloat, he hoped the Belgian Government would see what it could do to assist in this matter and particularly the possibility of deferring payment for a year of the 6 million dollars due Belgium this year. The Secretary referred to the risk involved in any assistance to Yugoslavia but said he felt that the importance of the Yugoslav defection could scarcely be exaggerated and said he thought the Russians themselves gave it first priority.

The Ambassador said he would faithfully inform his Government of the Secretary's remarks, and said he need not assure the Secretary they would receive full and sympathetic consideration. He pointed to the fact that Belgium had already done a great deal, not entirely with altruistic motives, in assisting not only Yugoslavia but also other European countries. This had given employment in Belgium but the situation had now been reached where Belgium had, in connection with



its trade arrangements, allowed credit balances to be built up which amounted to some 300 million dollars. This was a large amount for Belgium which was now faced with a possible unemployment situation which might necessitate large scale expenditures on public works. It was for this reason that he was having discussions with Mr. Black of the World Bank and with Ex-Im Bank officials. He said these matters moved slowly and he might wish to come to the Secretary for assistance in connection therewith.

The Ambassador again said that he would promptly inform his Government of our interest in this matter.

[LLEWELLYN E. THOMPSON]

740.00119 Council/10-2249

*Summary Record of the Meeting of Ambassadors at Paris,  
October 21-22, 1949<sup>1</sup>*

[Extract]

TOP SECRET

[PARIS, undated.]

MR. PERKINS<sup>2</sup> stated that the Dept and the US Govt generally agreed that Tito must be kept afloat. To this end he read the conclusions of a paper recently prepared by the Policy Planning Staff<sup>3</sup> and inquired whether the Ambassadors concurred therein. There was general concurrence but the thought was advanced that the Pentagon Building was not in step with the rest of the administration on this matter and that it might therefore be helpful to the Secretary if the meeting dispatched a telegram indicating its agreement with the conclusions of the Policy Planning Staff paper.

<sup>1</sup> For information regarding the meeting of Ambassadors at Paris, see editorial note, p. 27.

This summary record was prepared by Woodruff Wallner, First Secretary of the Embassy in France.

<sup>2</sup> George W. Perkins, Assistant Secretary of State for European Affairs and chairman of the meeting. The discussion begun by Perkins at this point occurred midway in the morning session of October 21. Earlier in the morning session, other conference participants had alluded briefly to the Yugoslav-Cominform conflict. Lewis W. Douglas, Ambassador in the United Kingdom, had stated that the British Government was not overly worried by the possibility of hostilities emerging from the conflict and that the British public opinion on the whole took a calm view of the situation. James C. Dunn, Ambassador in Italy, observed that the Italian Government and people had no faith in Tito. While agreeing that the rift between Yugoslavia and the Soviet Union should be exploited, Italians generally watched the development with skepticism and even anxiety. Alan G. Kirk, Ambassador in the Soviet Union could add nothing to what he had reported in telegram 2537, October 7, from Moscow, p. 968.

<sup>3</sup> The reference here is presumably to document P.P.S. 60, September 12, p. 947.

MR. BOHLEN<sup>4</sup> pointed out that our general support, economic and otherwise, of Tito in order to exploit his break with the Kremlin should never be allowed to extend to the ideological field. It was highly important that we should not cross this ideological line and find ourselves giving moral approval to what was essentially a Communist totalitarian dictatorship. With that one important qualification we should go the limit. The Tito heresy was the most important recent development, striking at the very roots of Kremlin domination, and may prove to be the deciding factor in the cold war.

MR. HARRIMAN agreed. The victory or defeat of Tito may be our victory or defeat in the cold war. If Tito is No. 1 business for Stalin, it should be No. 1 business for us. A strong statement to this effect should go forward to the Dept from the meeting.

MR. PERKINS stated that in spite of disagreements of a secondary nature in connection with the approval of the transfer to Yugoslavia of a blooming mill there had been no real difficulty in Washington in providing Tito with such economic help as was available for distribution. This aid was now sufficient to see him through the rest of the year. The ways and means for helping him in 1950 were under active consideration but no decision had yet been reached. Military aid was another matter. It was generally agreed that in the event of hostilities from the east, Tito could hold out for a very long time in the mountains if he were supplied with small arms from the U.S. Staff studies were now being made and active consideration of the extent and timing of possible U.S. military aid to Yugoslavia was underway. A strong statement from the present meeting of the importance of supporting Tito would be helpful to the Dept at this time and should go forward.

(Note: The statement referred to was dispatched to the Dept as Paris telegram No. 4424, Oct. 22, 1949, and appears as an Annex to this record.)<sup>5</sup>

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<sup>4</sup> Charles E. Bohlen, Minister in the Embassy in France.

<sup>5</sup> The telegram under reference here is printed *infra*.

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860H.00/10-2249 : Telegram

*The Assistant Secretary of State for European Affairs (Perkins) to  
the Secretary of State*

TOP SECRET

PARIS, October 22, 1949—9 p. m.

4424. For the Secretary, Under Secretary and Counselor from Perkins. At Paris meeting of Douglas, Bruce, Dunn, Kirk, Harriman



and McCloy<sup>1</sup> there was unanimous agreement that Tito's heresy and conflict with the Kremlin is deeply significant and represents an effective area for positive action in the cold war. This group believes that Tito's defection has created a wide and deep schism within the Communist world and represents a challenge to Moscow's control of the world Communist movement, the instrument of Russian expansion. By raising the basic issue of nationalism Tito has also challenged the Kremlin's control and discipline within the Communist apparatus and hence has set back the USSR's initiative against the west.

The Paris group feels that an essential element of US policy should be to keep Tito afloat as the inspiration of these divisive forces within the Communist world. The US and western European countries should continue to provide timely but unostentatious economic and financial support to enable Tito to survive the Cominform drive to liquidate him and such aid must be neither too little nor too late. Should the Cominform attack against Tito take the form of large scale guerrilla operations from inside of Yugoslavia and supported by the Soviet Union and the satellites, the west should be prepared, if and when Tito requests it, to replenish his military stocks. It is accordingly recommended that a study be immediately undertaken in Washington with a view to determining what military supplies could most expeditiously be furnished to Tito by the west.

In our public relations handling of assistance to Yugoslavia, Tito's regime should not be presented tamer than what it is, i.e. a Communist, police-state dictatorship.

Sent Department 4424; pouched London for Douglas, Frankfurt for McCloy, Rome for Dunn, Moscow for Kirk, Belgrade for Cannon.

[PERKINS]

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<sup>1</sup> A meeting of principal United States Ambassadors in Europe was held in Paris, October 21-22, 1949, under the chairmanship of Assistant Secretary of State Perkins. The discussions centered on German problems, questions of Western European cooperation in the military, political, and economic fields, and progress and setbacks in the cold war including the Yugoslav-Cominform controversy and East-West trade. For documentation on the meeting, see vol. iv, pp. 469 ff. The views set forth in this telegram were subsequently reaffirmed by the London Conference of U.S. Chiefs of Mission to the satellite states, October 24-26, 1949; see the Conclusions and Recommendations of that conference, p. 28.

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### *Editorial Note*

Current United States analysis of and policy toward the controversy between Yugoslavia and the Cominform nations was unanimously confirmed during the London Conference of Chiefs of Mission to the Satellites, October 24-26; see the Conclusions and Recommendations of the Conference (page 28). The conclusions of the Conference were



also summarized in Assistant Secretary of State's memorandum of November 7 (page 36), which was subsequently submitted to President Truman on November 10.

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501.BC/10-2949 : Telegram

*The Chargé in Yugoslavia (Reams)<sup>1</sup> to the Secretary of State*

SECRET

BELGRADE, October 29, 1949—1 p. m.

1109. Besides featuring Djilas article on Yugoslav election SC (Embtel 1103, October 27<sup>2</sup>) press in past few days has prominently reported UN anniversary ceremonies and has adopted flattering tone in reference to organization, describing it as "an important instrument for peace and cooperation between nations." Spate of editorials on UN has appeared and public lectures on its functions and importance are being given by prominent personalities.

Djilas article appears to be of unusual significance, particularly in its declaration that problem of peace is not necessarily problem of differences in social structures of nations. Also noteworthy was objectivity of article and absence anti-American allusions.

These may be encouraging signs that Yugoslavia, in face threat of aggression from East and in its political isolation from West, has actually developed some measure of faith and interest in UN. It may not be too much to hope that Yugoslav election to SC has imbued it with new-found sense of responsibility and that hard realities have convinced it that road to international collaboration is to own best interest. Whether this chastening of spirit is real or only apparent, or whether it will be abiding, only time can tell. At any event it is evident that Yugoslavia will increasingly look to UN as shield from Russian aggression.

Sent Department 1109, repeated Moscow 157, pouched London, Warsaw, Praha, Bucharest, Budapest, Sofia, Department pass Moscow from Belgrade.

REAMS

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<sup>1</sup> On October 19 Ambassador Cannon left Belgrade to attend the Conference of Chiefs of Mission in Paris; for documentation on that Conference, see vol. iv, pp. 469 ff. Cannon did not return to Belgrade, and his retirement for reasons of ill health was announced on October 26. In Cannon's absence Counselor of Embassy Reams served as Chargé.

<sup>2</sup> Not printed; it reported that *Borba*, the organ of the Communist Party of Yugoslavia, presented a long, front-page article on October 24 by Milovan Djilas on the subject of Yugoslavia's election to the United Nations Security Council on October 20. The Djilas article revealed great Yugoslav elation over the election in the face of Soviet opposition. For documentation on the Yugoslav candidacy and election to the Council, which was actively supported by the United States, see vol. II, pp. 234 ff.

811.516 Export-Import Bank/11-249 : Telegram

*The Secretary of State to the Embassy in Yugoslavia*

SECRET

WASHINGTON, November 2, 1949—5 p. m.

670. From State and ECA.

1. All possible sources financing being explored to assist Yugo meet hard currency gap until assistance no longer required. Deptels 618 Oct 10, 632 Oct 17.<sup>1</sup> This connection possible Yugo may obtain additional dol earnings through increased dol purchases by ERP countries authorized by ECA. This could result from Yugo (a) getting dols for exports not now earning dols and (b) switching, when price differentials warrant, portions non-ferrous metals exports from US to ERP countries.

2. ECA is fully prepared authorize dol purchases from Yugo except where alternative means payment exist, e.g. exchange goods, extension credits, or payment Eur currency. Where payment dols required, ECA will issue procurement authorization provided commodity sold world market price or less.

3. Yugo exports commodities for which ECA currently authorizing dols for offshore procurement. E.g. during past year ECA authorized fol offshore purchases from Canada and Latin America (in mil dols) : copper 99; lead 39; zinc 26; metallic ores and concentrates 24; lumber and lumber manufactures 34. ECA believes ERP countries could obtain more of these commodities from Yugo, it being clearly understood that authorizations for West Hemisphere purchases would be correspondingly decreased. Believe this might be accomplished by greater Yugo initiative in course of negotiating trade agreements with ERP countries.

4. Believe Yugo has in past realized reluctance ECA authorize dol purchases from EE countries. This realization shared by ERP countries with which Yugo negotiated trade agreements. Informal talks between State and Yugo reps indicate Yugo has been reluctant seek ECA dols. However after we explained that as matter public knowledge thru Aug 31 fol countries had recd ECA dols (in mil) Pol 12.6, East Ger 1.1, Czecho 0.569 and Yugo 0.546, Yugo reps indicated Yugo Gov now prepared seek maximum ECA dols.

5. Suggest you inform Yugo Gov that ECA prepared in appro-

<sup>1</sup> Neither printed. Telegram 618 reported that officers of the Department of State had held extensive and frank discussions with Yugoslav representatives regarding the Yugoslav hard currency deficit. The deficit for the last four months of 1949 amounted to \$20 million of which \$12 million was in dollars. Emergency measures to finance the deficit were being contemplated (811.516 Export-Import Bank/9-2049). Telegram 632 reported that the Export-Import Bank on October 12 authorized the establishment of an \$8 million credit to Yugoslavia, from the total \$20 million credit approved on September 9, for industrial raw materials, coal mine equipment, and transportation equipment for non-ferrous and coal mines. The telegram also reported that the National Advisory Council on October 14 advised the U.S. Executive Director on the International Monetary Fund that he should raise no objection to an additional \$6 million Fund drawing by Yugoslavia (811 516 Export-Import Bank/10-1749).



priate cases issue procurement authorizations upon request any participating Gov for commodities at world market prices which cannot be obtained through non-dol means or which would otherwise be procured elsewhere for dols.

Repeated Paris for Harriman, as 4184. [State and ECA.]

ACHESON

611.60H31/11-149 : Telegram

*The Secretary of State to the Embassy in the United Kingdom*

SECRET

WASHINGTON, November 7, 1949—5 p. m.

4022. We have been in close touch with Brit Emb here re Brit Yugo trade negots. In addition to Ex-Im Bank loan, support for drawing from Monetary Fund and efforts to ease Yugo trade balance with Ger, we have urged Belgs to extend their credit to Yugo. This problem was briefly discussed with Bevin and Schuman during their visit to Wash. We are concerned at apparent tendency of Brit to consider their proposed agreement with Yugo solely on an econ basis (Belgrade's 1124 Nov 3, rptd London 90<sup>1</sup>). If you think it wld be helpful suggest you urge upon Brit Govt giving full weight to polit considerations and importance we attach to Brit making their contribution to get Yugo through present crisis.<sup>2</sup>

ACHESON

<sup>1</sup> Not printed.

<sup>2</sup> Telegram 4494, November 9, from London, not printed, reported that Rumbold, the Head of the Southern Department of the British Foreign Office, had explained that the British offer of an eight million-pound credit to Yugoslavia was based on political grounds and that on commercial grounds alone no credit would have been offered to Yugoslavia. Rumbold further observed that Bevin's decision not to meet the Yugoslav desire for a credit greater than eight million pounds might cause British-Yugoslav negotiations to break down, but he doubted such an eventuality (840.20/11-949).

740.00119 Council/11-1149 : Telegram

*The Secretary of State to President Truman and the Acting Secretary of State (Webb)*<sup>1</sup>

SECRET

PARIS, November 11, 1949—3 a. m.

4716. At opening meeting November 10 Schuman announced impossibility of meeting of French Cabinet on dismantling question until six that afternoon. We, therefore, agreed to hold meeting night November 10 on the dismantling issue to take into account French Cabinet position. Discussions on all other German issues on our agenda discussed with very satisfactory results.

<sup>1</sup> Secretary of State Acheson met with British Foreign Secretary Bevin and French Foreign Minister Schuman in Paris, November 9-11. For documentation on the meetings, which dealt primarily with German questions, see vol. III, pp. 294 ff.



[Here follows a report on the discussion of German topics.]

Following completion discussion on German issues we reviewed briefly questions of Yugoslavia and China during afternoon session. On Yugoslavia I reviewed importance we attached to this issue and actions designed maintain Tito position during next few critical months. I then reviewed in detail steps taken by US Government since September meetings with Bevin and Schuman. Bevin expressed complete agreement and said UK doing its best to help Tito and that it currently discussing credits up to \$20 million. However, he commented that this negotiation was made difficult by fact Tito attempts exploit our desire to keep him alive. He said UK does not consider there is danger of external attack, but is concerned over possibility of internal revolt along lines of Greek civil war. Schuman agreed with importance of problem especially in clarifying situation on Austrian and Italian fronts.

[Here follows a report on the discussion regarding China and Indochina.]

Sent Department 4716, repeated London 813, Frankfurt 130.

[ACHESON]

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*Editorial Note*

At its meeting on November 17, the National Security Council adopted a report subsequently circulated as NSC 18/4, November 17, 1949, "United States Policy Toward the Conflict Between the USSR and Yugoslavia". This paper reviewed various possible courses of action by the United States. It envisaged a policy of providing additional economic assistance to Yugoslavia if needed and of examining possible measures to strengthen Yugoslav resistance to a possible military attack. NSC/4 and related documentation for 1949 and 1950 are scheduled for publication in a subsequent volume of *Foreign Relations* concerned with American relations with Eastern Europe in 1950.

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501.BC/11-1849

*Memorandum of Conversation, by the Secretary of State*

SECRET

[WASHINGTON,] November 18, 1949.

Participants: Mr. Kardelj, Yugoslav Foreign Minister <sup>1</sup>  
 Mr. Kosanovic, Yugoslav Ambassador  
 The Secretary  
 Mr. Thompson—EUR

Mr. Kardelj opened the conversation by expressing his appreciation for the understanding which the United States Government had

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<sup>1</sup> Foreign Minister Kardelj, who had been in the United States as head of the Yugoslav Delegation to the United Nations General Assembly, was about to leave for Yugoslavia.

shown of Yugoslavia's economic and financial difficulties and for the help which we had given them. He also expressed appreciation for our support for Yugoslavia's candidacy for a seat on the UN Security Council.<sup>2</sup> He said that looking back, although there had been many bolts of thunder, nothing catastrophic had happened, and he felt that Yugoslavia's action had been the right one.

I observed that there was some speculation that the Soviet Union might take some drastic action at the time Yugoslavia took her seat on the Security Council, but said we were inclined to discount such rumors. The Foreign Minister agreed and said that he thought the Soviet Union in its own interest would not be inclined to take any serious steps in this connection.

Mr. Kardelj remarked that there had been reports in the press that Yugoslavia had been discussed at the recent meeting in Paris<sup>3</sup> and he inquired if there was anything I could tell him on this subject.

I replied that there was nothing secret about the matter and I was very glad to tell him everything that had taken place. I said I had called the attention of the other two ministers to the difficult economic and financial situation of Yugoslavia with particular respect to its foreign exchange situation during the balance of this year and the coming year. I told them that we felt that if Yugoslavia could overcome this immediate crisis, her long-range economic prospects looked good. I informed them of the steps which the United States Government had taken to assist Yugoslavia in dealing with this problem and suggested that they also examine the problem to see what they could do. They had agreed to do so. I said that this was the only discussion of Yugoslavia's problem which had taken place.

Mr. Kardelj thanked me for the information and said that the problem of reorienting their trade had been a difficult one, but said they hoped by the middle of 1950 to be in fairly good shape. He said that Yugoslavia was endeavoring to raise the standard of living of its people and that their chief problem was obtaining industrial equipment.

I said that in this connection I wished to put one thought in his mind. I pointed out that the assistance which we had given Yugoslavia in the present crisis had not been easy to render; the difficulties would be even greater next year. I said I therefore hoped that the Yugoslav Government would review very carefully any expenditures it contemplated making which would involve the use of foreign exchange, since any further assistance from us would involve very great difficulties.

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<sup>2</sup> On October 20 the United Nations General Assembly elected Yugoslavia to a seat on the Security Council.

<sup>3</sup> The reference here is to the Secretary of State's meetings with Foreign Secretary Bevin and Foreign Minister Schuman on November 9, 10, and 11. Regarding the discussion of Yugoslav matters during those meetings, see telegram 4716, November 11, from Paris, p. 977.



Mr. Kardelj replied that his Government was doing this and that only the most essential items would be purchased at this time.

The Foreign Minister said he had been greatly impressed by his visit to this country and said that although he had read and studied a great deal about it, he had not fully understood its spirit until he had actually come here.<sup>4</sup>

I said I thought this was essential and that no matter how long he stayed or how long he looked, it would be very difficult for him to find any traces of capitalist imperialism.

Mr. Kardelj remarked that in political battles one made rather free use of expressions and he observed that a great many inaccurate statements had been written about Yugoslavia by people who had never been there or who had made only an official visit.

[DEAN ACHESON]

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<sup>4</sup> On October 27 President Truman accepted the resignation of Cavendish W. Cannon and announced the appointment of George V. Allen as the new Ambassador to Yugoslavia. Ambassador-designate Allen made a courtesy call on Foreign Minister Kardelj on November 18. According to Allen's memorandum of his conversation, not printed, Kardelj observed that he was glad to have had an opportunity to visit the United States for the first time, and he was impressed that the United States was not only the most advanced country in the world as far as technical progress but was also a young and vigorous country. The remainder of the conversation was generally devoted to the need for increased travel between the two countries and the recent acquisition of a new Embassy chancellery building in Belgrade (711.60H/1-1849).

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760H.61/12-149 : Telegram

*The Ambassador in the Soviet Union (Kirk) to the Secretary of State*

TOP SECRET      PRIORITY

Moscow, December 1, 1949—1 p. m.

2985. For the Secretary. French Ambassador Chataigneau, just returned Moscow from two months leave France, tells me he has given to Schumann and Auriol<sup>1</sup> following views on situation Yugoslavia: Russians will not move openly with military forces against Tito this winter but will rely upon internal subversion not excepting assassination. By springtime, other means having failed, Communists will step up guerrilla activities along frontiers with view aiding internal pressures overthrow Tito.

All else failing, and provided reasonable prospect US would not intervene militarily, then full scale military action to eliminate Tito *et al* could be expected in spring or summer.

Chataigneau stated further to his principals that Politburo would rely upon Vyshinski's<sup>2</sup> estimate of US reaction to Russian military operation in deciding whether and when to move. Such estimate by

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<sup>1</sup> Vincent Auriol, President of the French Republic.

<sup>2</sup> Andrey Yanuaryevich Vyshinsky, Minister for Foreign Affairs of the Soviet Union since March 1949, who was in New York as the Head of the Soviet Delegation to the Fourth Regular Session of the United Nations General Assembly.



Vyshinski to be formed during his current stay in US and his evaluation our temper and readiness to react to such military operations.

My own comment would be to effect that this prognosis is not unreasonable and follows in general my own thinking (Embtel 2537, October 7<sup>3</sup>). The importance of giving Vyshinski the correct impression prior his departure will be obvious. In this connection, I recall Foreign Minister Bech<sup>4</sup> gave me to understand he had made our UN delegation aware his own view that Politburo were so enraged with Tito as to be pigheaded, obstinate in face of facts fearing such frame of mind not conducive clear thinking nor calm assessment consequences any precipitate military operation in Balkans.

Sent Department 2985. Department pass London 326 for Douglas, Paris 428 for Bruce, Belgrade 160 for Reams.

KIRK

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<sup>3</sup> *Ante*, p. 968.

<sup>4</sup> Joseph Bech, Luxembourg Minister for Foreign Affairs.

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760H.61/12-849 : Telegram

*The Chargé in Yugoslavia (Reams) to the Secretary of State*

SECRET

BELGRADE, December 8, 1949—5 p. m.

1263. Most common assumption both here and elsewhere with regard to probable future course of Tito-Stalin dispute appears to be that Tito liquidation absolutely essential and will be achieved at any cost. While we accept this assumption as valid basis for long-term prognosis, we feel it requires close analysis before any attempt is made to predict Soviet actions against Yugoslavia in near future. Specifically, we are impressed by apparent attempts of Kremlin ideologically to seal off Yugoslav heresy (for example, last month's Cominform resolution branding Tito reactionary Fascist and denying him right to term self Communist<sup>1</sup>) and we suggest that speed and extent spread of heresy may exercise considerable influence upon Soviet estimate of urgency required in solution Tito problem.

Effect upon beliefs and attitudes of Communists both east and west of curtain of an orthodox Communist Tito successfully building socialist state free of Kremlin overlordship is of course vital concern in Moscow. No more potent threat to Soviet imperialism could exist.

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<sup>1</sup> Representatives of the Communist parties of the Soviet Union, Bulgaria, Romania, Hungary, Poland, France, Czechoslovakia, and Italy held a Cominform meeting in Hungary in late November 1949. This meeting issued a communiqué, circulated in the Communist press, which included a resolution denouncing the Communist Party of Yugoslavia. For the text of this resolution, see Yugoslav Ministry of Foreign Affairs, *White Book*, pp. 174-178. For documentation regarding the Cominform meeting and resultant resolutions, see pp. 39 and 54.

Soviets must have realized that at time of original break that temporization was possible, compromise was not.

In retrospect it appears that they first hoped tried and proven methods of international Communism would oust Tito clique and bring Yugoslavia back to fold. Failure realize these hopes meant formulation new strategy which has guided Cominform actions against Yugoslavia for at least past twelve months. This strategy combines tactics such as economic blockade, border incidents, Soviet troop movements and political pressures designed encourage internal Yugoslav breakdown and revolt expected place pro-Cominform elements again in saddle with assiduously developed propaganda backdrop of a Fascist Tito, tool of western imperialist warmongers, in order to minimize his heretical influence pending his collapse.

We do not believe Soviets have yet abandoned hope this strategy may succeed but, examining Yugoslav domestic situation, we see no reason to alter our previous views that stability Tito regime is not in foreseeable future threatened by present Cominform efforts. While Yugoslav economy has been seriously affected by necessity shift trade from east to west and five-year plan has experienced forced revision we have little doubt that with present and contemplated measures of assistance from west Yugoslav Government will be able maintain at least minimal economic health.

Politically we feel regime has established impressive record of internal solidarity and we see no internal or external threat to that solidarity.<sup>2</sup> In last month's Cominform resolution Cominform itself appears tacitly to recognize this situation by vastly enlarging unacceptable Tito clique beyond original four. We conclude from foregoing that there is every probability Tito will survive at least until such time as Kremlin decides that present anti-Tito strategy has failed and that more active measures (which, since we heavily discount possibility and efficacy his assassination, can only mean actual invasion by Soviets or Soviet-backed satellites) must be taken to eliminate him.

Given even a small possibility of their involvement in general war, we believe that basis upon which Soviets take this decision must be their estimate of success his example is having in stirring revolt against Kremlin suzerainty among world Communists. In satellite orbit we have always believed Titoism would require considerable

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<sup>2</sup> In his telegram 1252, December 5, from Belgrade, not printed, Chargé Reams observed that the Embassy in Belgrade and American military representatives in Yugoslavia concurred in the opinion that there was little or no likelihood of serious guerrilla warfare developing from within Yugoslavia. Pro-Cominform opposition within Yugoslavia appeared to be so weak as to preclude any possibility of a spontaneous outbreak from that source. Even if guerrilla activity were introduced from abroad, which the Embassy believed highly unlikely, it would have little effective popular support and would doubtless be liquidated quickly (860H.00/12-549).



period of incubation and we have never expected quick and successful resistance to Soviet domination to follow Tito's defection.

At moment we feel consolidation Soviet power in orbit is proceeding smoothly if brutally and we do not from here perceive difficulties this process sufficiently great to cause Soviets decide Tito must immediately be crushed. In Western Europe as in the Far East, however, present Soviet control of Communism is less apparently secure and we suggest that any considerable progress in Titoism or like deviation these areas might induce Soviets to believe object lesson needed even at risk of war.

If the above analysis be accepted we believe that indefinite postponement of Soviet war against Yugoslavia is possible since we believe it unlikely, on basis available evidence, that a Communist leader, not yet holding the reins of power in his country (e.g.—Togliatti<sup>3</sup> Duclos<sup>4</sup>) would abandon influence and support of Soviet Union to pursue problematical advantages of an independent course. At same time what such leaders might do if a rise to actual power and what attitudes might evolve in minds of Communist rank and file if Yugoslav Government defies Kremlin and survives still represent long-term real dangers to Soviet imperialism inherent in Titoism which we do not believe Soviets can eliminate by present sealing off campaign. Nevertheless, over short term, if Soviets feel secure in their control of party organizations, a control bolstered by conversion of Tito to Fascist enemy to be hated, not emulated, we believe they may feel no imperative need to destroy him physically, although they would certainly continue present strategy of harassment.

Foregoing should in no way convey impression we do not recognize Soviets may reason quite differently and may regard blackening of Tito regime as necessary prelude to shortly inevitable war against "Fascist" country. This, however, we regard as improbable since we feel Soviets unlikely run risk of general war within next few years if risk at all avoidable.

Sent Department 1263; repeated Rome 131, Moscow 179, London 112, Paris 165, pouched Sofia, Bucharest, Budapest, Prague, Warsaw; Department pass Moscow.

REAMS

<sup>3</sup> Palmiro Togliatti, Secretary General of the Communist Party of Italy.

<sup>4</sup> Jacques Duclos, Secretary and member of the Politburo and Central Committee of the French Communist Party.

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### *Editorial Note*

Characteristics of the Yugoslav Communist regime and its conflict with the Soviet Union and the Eastern European satellite states were analyzed and commented upon, particularly in terms of American



policy alternatives with respect to Eastern Europe in document NSC 58/2, "United States Policy Toward the Soviet Satellite States in Eastern Europe", December 8, page 42. Assessments by the Department of State and by the Embassy in the Soviet Union regarding the relationship of the Yugoslav problem to overall Soviet foreign policy and prospects were included in telegrams 904, December 9, to Moscow and 3062, December 9, from Moscow, pages 54 and 681.

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641.60H31/12-2149 : Telegram

*The Chargé in Yugoslavia (Reams) to the Secretary of State*

SECRET

PRIORITY

BELGRADE, December 21, 1949—8 a. m.

1303. Informed by British Ambassador<sup>1</sup> that UK trade and payments agreement proposal worked out recently in London was presented to Yugoslav delegation late last week as best offer possible to make and that only minor adjustments could be considered. Promptly thereafter Kardelj asked Peake to call on him and latter took advantage of Foreign Minister's opening general words of disappointment with British offer to tell him bluntly and at some length why better offer could not be made, mentioning in addition to factors affecting British economic situation, continuing public attacks on the West and UK by responsible Yugoslav Government officials and in controlled Yugoslav press, which had not escaped attention of British public or His Majesty's Government. Kardelj said to have made notes of these points, but to have insisted that apparent inequality of guaranteed Yugoslav deliveries and vague assurance of UK deliveries placed Yugoslav Government in exceedingly difficult position. Mentioned among other things possibility of crop failures in support contention British position unreasonable. Peake then asked precisely what adjustments Yugoslav Government proposed in list to take account such hazards, which Kardelj promised would be submitted promptly along with number minor modifications of draft agreement. Peake undertook to see if something farther could be done concerning assurances of British deliveries.

Although Peake appeared rather optimistic about possibility early conclusion agreement, Embassy inclined believe inequality issue forced by British insistence on guaranteed Yugoslav deliveries (Embtel 1124, November 3, repeated London 90<sup>2</sup>) may continue hold up if not wreck agreement. British apparently reason that since they got similar guarantees out of Poles in absence of credits, insistence on Yugoslav Government guarantees is more than justified view of credits.

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<sup>1</sup> Sir Charles Peake.

<sup>2</sup> Not printed.

Guarantees also defended on ground necessary to ensure repayment. This reasoning may seem quite logical in abstract but clashes with hard logic of Yugoslav Government's insistence, for major political reasons, on appearance of equality. Hope Department and Embassy London will make another urgent effort persuade British find face-saving formula.<sup>3</sup>

Sent Department 1303, repeated London 119.

REAMS

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<sup>3</sup> Telegram 5085, December 22, from London, not printed, reported that officials in the British Foreign Office were very optimistic regarding successful conclusion of the trade and payments negotiations with Yugoslavia. The Embassy therefore urged that no further representations be made to the British on the matter until they had had a further opportunity to conclude the negotiations (641.60H31/12-2249). In telegram 813, December 23, to Belgrade, not printed, the Department agreed to postpone further representations (641.60H31/12-2249). The British-Yugoslav agreement on trade and credits was signed in Belgrade on December 26, 1949.

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### *Editorial Note*

George V. Allen, who on October 27, 1949, was nominated by President Truman to become Ambassador in Yugoslavia, called on the President on December 22 just prior to leaving by ship for Europe to take up his new post. No official record of the substance of the conversation has been found. On emerging from his meeting with the President, Ambassador-designate Allen was asked by newsmen if he had received any instructions from the President. According to the *New York Times*, December 23, 1946, page 6, Allen replied in part as follows:

"The President confirmed that the United States is unalterably opposed to aggression wherever it occurs or threatens to occur. Furthermore, the United States supports the principle of the sovereignty of independent nations. As regards Yugoslavia, we are just as opposed to aggression against that country as against any other, and just as favorable to the retention of Yugoslavia's sovereignty . . ."

Allen also indicated to the newsmen that the spearhead of Soviet aggressive intentions appeared clearly aimed at Yugoslavia. In his book *Tito's Separate Road: America and Yugoslavia in World Politics* (New York and Evanston: Harper & Row, Publishers, 1967), page 17, John C. Campbell recalls that Allen's statement was "not carefully drafted in the State Department".

In his press conference later in the day on December 22, President Truman confirmed the thrust of press accounts of Allen's statement. "That is true—that is true. We are opposed to aggression against any country, no matter where situated." (*Public Papers of the Presidents*



*of the United States: Harry S. Truman, 1949* (Washington, Government Printing Office, 1964), page 585.)

In his telegram 1324, December 27, 1949, from Belgrade, not printed, Chargé Reams reported the factual publication of the Allen and Truman statements had appeared in the Belgrade press of that day. Reams observed that the statements were most opportune and would have a beneficial effect in Yugoslavia (711.60n/12-2749).

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860H.5151/12-2349: Telegram

*The Secretary of State to the Embassy in Belgium*

SECRET

WASHINGTON, December 23, 1949—7 p. m.

1501. Belg Govt has never replied to Sec's request Oct 21 for Belg cooperation in meeting Yugo hard currency gap by deferring substantial payments due Belg.<sup>1</sup> Belg Amb at that time, and again in conversation with Thorp Dec 20, attempted to link Belg assistance to Yugo with favorable action on Belg Eximbank application. Both Sec and Thorp made clear US considers there is no connection between two problems.

We have impression that assistance to Yugo may have been considered within Belg Govt primarily on economic plane and without due regard for important political considerations. It would be most helpful if you could take first favorable opportunity to speak to Van Zeeland<sup>2</sup> on this subject. You may wish to emphasize the common interest which Western Powers have in insuring that Tito regime is not obliged to capitulate to the Sovs because of inability to obtain essential hard-currency imports, the extreme difficulty with which Yugo will be confronted in financing such imports during the coming year, the fact that the US is making, substantial credits available to Yugoslavia, the further fact that the five million dollars estimated due Belg by Yugo from now until end 1950 represents approximately one-fifth of estimated Yugo hard currency deficit for that period, and the belief of the US Govt that all of the western Govts in a position to do so should, in pursuit of their common political interests, take such measures as are possible, even at some sacrifice to themselves, to assist in enabling Yugo to remain free from Sov domination.

We had hoped for these reasons that Belg might be able to cooperate by postponing Yugo payments as they come due henceforth until end 1950, after which date it is our hope Yugo will be able to close its hard currency gap and meet currently its foreign obligations. Since Belg

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<sup>1</sup> See Thompson's memorandum of the Secretary of State's conversation with Belgian Ambassador Silvercruys on October 21, p. 971.

<sup>2</sup> Paul van Zeeland, Belgian Minister of Foreign Affairs.



trade delegation is now in Belgrade and substantial payments are due Belg in nearest future early action on this matter is most desirable. Repeat Belgrade as 816.<sup>3</sup>

ACHESON

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<sup>3</sup> In his telegram 1718, December 29, from Brussels, not printed, Ambassador Robert D. Murphy reported that he spoke with Baron Hervé de Gruben, Secretary General of the Belgian Foreign Ministry, in the sense of the Department's instructions. De Gruben described the payment problems which had arisen in connection with Belgian-Yugoslav trade and payments agreement of December 1948. Ambassador Murphy concluded that Belgium would not actually expect actual cash payments from Yugoslavia during 1950 but would drive a hard bargain for the Yugoslav repayment in kind for the 200 million franc credit. Murphy reported that De Gruben several times characterized the credit to Yugoslavia as a bad debt and poor business risk and indicated that Belgium would make no further extension of credits. Murphy felt that Belgium looked on the question more in terms of economic advantage than in the light of the political importance of maintaining Yugoslavia free of Soviet domination (860H.5151/12-2949).



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